

# SECURITIES AND EXCHANGE COMMISSION

## FORM 20-F

Annual and transition report of foreign private issuers pursuant to sections 13 or 15(d)

Filing Date: **2019-02-14** | Period of Report: **2018-12-31**

SEC Accession No. [0001628280-19-001341](#)

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### FILER

#### Reynolds Group Holdings Ltd

CIK: [1527508](#) | IRS No.: **000000000** | State of Incorporation: **Q2**  
Type: **20-F** | Act: **34** | File No.: [333-177693](#) | Film No.: **19600011**  
SIC: **2673** Plastics, foil & coated paper bags

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 20-F**

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**  
Or

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2018  
Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
Or

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
Commission File Number: 333-177693

**Reynolds Group Holdings Limited**  
(Exact name of Registrant as specified in its charter)

**Not applicable**

(Translation of Registrant's name into English)

**New Zealand**

(Jurisdiction of  
incorporation or organization)

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act. ☐

<sup>†</sup> The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued by the  
International Accounting Standards Board ☒

Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Reynolds Group Holdings Limited

(Registrant)

/s/ ALLEN HUGLI

Allen Hugli

Chief Financial Officer

February 13, 2019

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**ANNUAL REPORT**  
**For the fiscal year ended December 31, 2018**

**REYNOLDS GROUP HOLDINGS LIMITED**

New Zealand  
(Jurisdiction of incorporation or organization)

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## Introductory Note

In this annual report, references to “we,” “us,” “our” or the “RGHL Group” are to Reynolds Group Holdings Limited (“RGHL”) and its consolidated subsidiaries, unless otherwise indicated.

We have prepared this annual report pursuant to (i) the requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), with respect to those of our outstanding notes covered by effective registration statements filed with the United States Securities and Exchange Commission (the “SEC”), (ii) the requirements of the indentures governing certain of our outstanding notes that are not covered by an effective registration statement filed with the SEC, and (iii) the credit agreement with our lenders governing our senior secured credit facilities (the “Credit Agreement”). Our outstanding notes include:

- Notes covered by an effective registration statement filed with the SEC, comprised of:
  - the 5.750% Senior Secured Notes due 2020; and
  - the 6.875% Senior Secured Notes due 2021;
- Notes not covered by an effective registration statement filed with the SEC, comprised of:
  - the Floating Rate Senior Secured Notes due 2021;
  - the 5.125% Senior Secured Notes due 2023;
  - the 7.000% Senior Notes due 2024; and
  - the 7.950% Debentures due 2025 and the 8.375% Debentures due 2027 (collectively, the “Pactiv Notes”).

The senior secured notes are referred to as the “Reynolds Senior Secured Notes.” The senior notes are referred to as the “Reynolds Senior Notes.” The Reynolds Senior Secured Notes and the Reynolds Senior Notes are collectively referred to as the “Reynolds Notes.”

The indentures governing these notes, as well as our Credit Agreement, are described more fully in this annual report.

## Non-GAAP Financial Measures

In this annual report, we utilize certain non-GAAP financial measures and ratios, including earnings before interest, tax, depreciation and amortization (“EBITDA”) and Adjusted EBITDA. Adjusted EBITDA, a measure used by our management to measure operating performance, is defined as EBITDA, adjusted to exclude certain items of a significant or unusual nature, including but not limited to acquisition costs, non-cash pension income or expense, restructuring costs, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write-downs and equity method profit not distributed in cash. These measures are presented because we believe that they and similar measures are widely used in the markets in which we operate as a means of evaluating a company’s operating performance and financing structure and, in certain cases, because those measures are used to determine compliance with covenants in our debt agreements and compensation of certain management. They may not be comparable to other similarly titled measures of other companies and are not measurements under International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), generally accepted accounting principles in the United States of America (“U.S. GAAP”), or other generally accepted accounting principles, are not measures of financial condition, liquidity or profitability and should not be considered as an alternative to profit from operations for the period or operating cash flows determined in accordance with IFRS, nor should they be considered as substitutes for the information contained in our financial statements prepared in accordance with IFRS included in this annual report. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow, as they do not take into account certain items such as interest and principal payments on our indebtedness, working capital needs, tax payments and capital expenditures. We believe that the inclusion of EBITDA and Adjusted EBITDA in this annual report is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. We believe that issuers of high yield debt securities present EBITDA and Adjusted EBITDA because investors, analysts and rating agencies consider these measures useful. For additional information regarding the non-GAAP financial measures used by management, refer to note 5 of the RGHL Group’s audited consolidated financial statements included elsewhere in this annual report.

## Forward-Looking Statements

This annual report includes forward-looking statements. Forward-looking statements include statements regarding our goals, beliefs, plans or current expectations, taking into account the information currently available to our management. Forward-looking statements are not statements of historical fact. For example, when we use words such as “believe,” “anticipate,” “expect,” “estimate,” “plan,” “intend,” “should,” “would,” “could,” “may,” “might,” “will” or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements. We have based these forward-looking statements on our management’s current view with respect to future events and financial performance and future business and economic conditions more generally. These views reflect the best judgment of our management, but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in our forward-looking statements and from past results, performance or achievements. Although we believe that the estimates and the projections reflected in the forward-looking statements are reasonable, such estimates and projections may prove to be incorrect, and our actual results may differ from those described in our forward-looking statements as a result of the following risks, uncertainties and assumptions, among others:

- risks related to future costs of raw materials, energy and freight, including the impact of tariffs, trade sanctions and similar matters affecting our importation of certain raw materials;

- risks related to economic downturns in our target markets;

- risks related to changes in consumer lifestyle, eating habits, nutritional preferences and health-related and environmental concerns that may harm our business and financial performance;
- risks related to complying with environmental, health and safety laws or as a result of satisfying any liability or obligation imposed under such laws;
- risks related to the impact of a loss of any of our key manufacturing facilities;
- risks related to our dependence on key management and other highly skilled personnel;
- risks related to the consolidation of our customer bases, loss of a significant customer, competition and pricing pressure;
- risks related to any potential supply of faulty or contaminated products;
- risks related to exchange rate fluctuations;
- risks related to dependence on the protection of our intellectual property and the development of new products;
- risks related to pension plans sponsored by us and others in our control group;
- risks related to strategic transactions, including completed and future acquisitions or dispositions;
- risks related to our hedging activities which may result in significant losses and in period-to-period earnings volatility;
- risks related to our suppliers of raw materials and any interruption in our supply of raw materials;
- risks related to information security, including a cybersecurity breach or a failure of one or more of our information technology systems, networks, processes or service providers;
- risks related to our substantial indebtedness and our ability to service our current and future indebtedness;
- risks related to restrictive covenants in certain of our outstanding notes and our other indebtedness which could adversely affect our business by limiting our operating and strategic flexibility; and
- risks related to increases in interest rates which would increase the cost of servicing our variable rate debt instruments.

The risks described above and the risks disclosed in or referred to in this annual report are not exhaustive. Other sections of this annual report, including in "Item 3. Key Information - Risk Factors," describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and included elsewhere in this annual report.

## **PART I**

### **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS.**

Not applicable.

### **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE.**

Not applicable.

### **ITEM 3. KEY INFORMATION.**

#### **General Information**

We are a leading global manufacturer and supplier of consumer food, beverage and foodservice packaging products. We sell our products to customers globally, including to a diversified mix of leading multinational companies, large national and regional companies and small local businesses. We primarily serve the consumer food, beverage and foodservice market segments.

We operate through five segments:

- Reynolds Consumer Products, which manufactures branded and store branded consumer products including aluminum foil, wraps, waste bags, food storage bags and disposable tableware and cookware;
- Pactiv Foodservice, which manufactures foodservice and food packaging products;
- Graham Packaging, which designs and manufactures blow-molded plastic containers for consumer products;



- Evergreen, which manufactures fresh carton packaging for beverage products, primarily for the juice and milk markets; and
- Closures, which manufactures plastic and aluminum beverage caps, closures and high speed rotary capping equipment, primarily for the carbonated soft drink, non-carbonated soft drink and bottled water markets.

We are part of a group of private companies based in New Zealand that are wholly-owned by Mr. Graeme Hart, our strategic owner.

## Presentation of Financial Information

RGHL was incorporated on May 30, 2006 under the Companies Act 1993 of New Zealand. RGHL is a holding company that operates through five segments that it acquired in a series of transactions. See "Item 4. Information on RGHL — Business Overview" for information regarding the history of each of the five segments.

The table below summarizes the selected financial information and audited consolidated financial statements that are presented herein, prepared in accordance with IFRS as issued by the IASB:

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>RGHL Group</b>	Consolidated financial statements as of and for the year ended December 31, 2018	Consolidated financial statements as of and for the year ended December 31, 2017	Consolidated financial statements for the year ended December 31, 2016 and selected financial information as of December 31, 2016	Selected financial information as of and for the year ended December 31, 2015	Selected financial information as of and for the year ended December 31, 2014
<b>BP I Group<sup>(1)</sup></b>	Consolidated financial statements as of and for the year ended December 31, 2018	Consolidated financial statements as of and for the year ended December 31, 2017	Consolidated financial statements for the year ended December 31, 2016	N/A	N/A

(1) Included in this annual report pursuant to Rule 3-16 of Regulation S-X because the book value of the capital stock of Beverage Packaging Holdings I Limited ("BP I") constitutes a substantial portion of the collateral that secures the Reynolds Notes.

## Selected Historical Financial Data

### RGHL Group

The selected historical consolidated financial data of the RGHL Group as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 have been derived from the RGHL Group's audited consolidated financial statements included elsewhere in this annual report. The selected historical consolidated financial information of the RGHL Group as of December 31, 2016, 2015 and 2014 and for the years ended December 31, 2015 and 2014 have been derived from the RGHL Group's audited consolidated financial statements, as adjusted for certain items in accordance with IFRS, which are not included in this annual report.

The following information should be read in conjunction with the RGHL Group's audited consolidated financial statements and related notes, and other financial information included elsewhere in this annual report, including "Item 5. Operating and Financial Review and Prospects" and " — Risk Factors."

(In \$ million)	2018	2017	2016	2015	2014 <sup>(1)</sup>
<b>Income Statement Data</b>					
Revenue	10,660	10,524	10,646	11,178	11,666
Gross profit	2,094	2,322	2,387	2,200	2,016
Profit from operating activities	854	1,222	1,145	1,246	974
Net financial expenses	(819)	(701)	(873)	(1,540)	(1,449)
Profit (loss) from continuing operations before income tax	35	521	272	(294)	(475)
Income tax (expense) benefit	(40)	(81)	(105)	(60)	70
Profit (loss) from continuing operations	(5)	440	167	(354)	(405)
Profit (loss) from discontinued operations, net of income tax	—	(1)	(6)	2,672	105
Profit (loss) for the year	(5)	439	161	2,318	(300)
<b>Balance Sheet Data</b>					
Cash and cash equivalents	783	617	932	1,977	1,588
Trade and other receivables, net	1,121	1,136	1,051	1,095	1,176
Inventories	1,411	1,370	1,245	1,262	1,453
Assets held for sale	5	144	26	1	2,767
Property, plant and equipment	3,021	2,923	3,010	3,184	3,412
Intangible assets	9,222	9,659	9,902	10,192	10,499
Total assets	16,178	16,682	16,954	18,491	21,750
Trade and other payables — current	1,163	1,116	1,182	1,205	1,396
Liabilities directly associated with assets held for sale	—	34	23	—	739
Borrowings — current	455	470	746	977	478
Borrowings — non-current	10,580	10,919	11,325	12,785	17,380
Total liabilities	14,552	15,030	15,997	17,694	22,875
Net assets (liabilities)	1,626	1,652	957	797	(1,125)
<b>Other Data</b>					
Cash provided from (used in):					
Operating activities	950	840	876	654	881
Investing activities	(440)	(359)	(157)	3,820	(548)
Financing activities	(357)	(785)	(1,749)	(4,156)	(96)
Capital expenditures	585	410	324	381	687
EBITDA <sup>(2)</sup> from continuing operations	1,509	1,896	1,852	1,960	1,772
Adjusted EBITDA <sup>(2)</sup> from continuing operations	1,872	2,078	2,103	2,019	1,935

(1) The assets and liabilities related to SIG,a segment we sold in 2015, as of December 31, 2014 have been presented as assets held for sale and liabilities directly associated with assets held for sale in the consolidated statement of financial position.

(2) Refer to page 3 under the heading "Non-GAAP Financial Measures" for additional information related to this financial measure.

## Risk Factors

Holders of our securities should carefully consider the following risk factors, in addition to the other information presented in this annual report, including the discussions set forth in "Item 4. Information on RGHL" and "Item 5. Operating and Financial Review and Prospects" and all the financial statements and related notes, in evaluating our business and an investment in the Reynolds Notes. Any of the following risks, as well as other risks and uncertainties, could harm our business and financial results and cause the value of such securities to decline, which in turn could cause you to lose all or part of your investment. The risks below are not the only ones facing our company. Additional risks not currently known to us or that we currently deem immaterial also may materially and adversely impact our business, financial condition or results of operations.

## Risks Related to Our Business

**Our business and financial performance may be harmed by fluctuations in raw material, energy and freight costs, including the impact of tariffs, trade and similar matters.**

Raw material costs represent a significant portion of our cost of sales, so changes in raw material prices may impact our results of operations. The primary raw materials used to manufacture our products are plastic resins (particularly polypropylene ("PP"), polyethylene ("PE"), polystyrene ("PS"))

and polyethylene terephthalate ("PET")), aluminum, fiber (principally raw wood and wood chips) and paperboard (principally cartonboard and cupstock). The prices of our raw materials have fluctuated significantly in recent years. See "Item 5. Operating and Financial Review and Prospects — Key Factors Influencing our Financial Condition and Results of Operations — Raw Materials and Energy Prices."

Fluctuations in raw material costs can adversely affect our business. The fluctuations are generally due to movements in commodity market prices, which are reflected in published indices that are used in the negotiated rates with suppliers. We typically do not enter into long-term purchase contracts that provide for fixed prices for our principal raw materials. While we regularly enter into hedging agreements for some of our raw materials and energy sources, such as aluminum, resin (or components thereof), natural gas and diesel, to minimize the impact of such fluctuations, these hedging agreements do not cover all our needs, and hedging may reduce the positive impact we may otherwise receive when raw material prices decline. Although many of our customer pricing agreements include raw material cost pass-through mechanisms, which mitigate the impact of changes in raw material costs, the contractual price adjustments do not occur simultaneously with commodity price fluctuations. Additionally, some of our contracts, such as the contracts with customers for the branded products sold by Reynolds Consumer Products, generally do not contain such cost pass-through mechanisms in their customer pricing agreements. Furthermore, in the businesses that use such mechanisms, the contracts cover only a portion of the businesses' sales. Due to differences in timing between purchases of raw materials and sales to customers, there is often a lead-lag effect, during which margins are negatively impacted in periods of rising raw material costs and positively impacted in periods of falling raw material costs. We also use price increases, wherever possible, to mitigate the effect of raw material cost increases for customers that are not subject to raw material cost pass-through agreements. However, there is no assurance that increases in raw material costs may be covered by increases in pricing. As a result, we often are not able to pass on price increases to our customers on a timely basis, if at all, and consequently do not always recover the lost margin resulting from the price increases. Moreover, an increase in the selling prices for the products we produce resulting from a pass-through of increased raw material costs or freight costs could have an adverse impact on the volume of units we sell and decrease our revenue.

In addition to our dependence on primary raw materials, we are also dependent on different sources of energy for our operations, such as coal, fuel oil, electricity and natural gas. In particular, our Evergreen segment is susceptible to price fluctuations in natural gas, as it incurs significant natural gas costs to convert raw wood and wood chips to paper products and liquid packaging board. Historically, we have been able to mitigate the effect of higher energy-related costs with productivity improvements and other cost reductions. However, there is no assurance that we can sustain the level of productivity improvements and cost reduction measures in the future. In addition, if some of our large energy contracts were to be terminated for any reason or not renewed upon expiration, or if market conditions were to substantially change resulting in a significant increase in the price of coal, fuel oil, electricity and/or natural gas, we may not be able to find alternative, comparable suppliers or suppliers capable of providing coal, fuel oil, electricity and/or natural gas on terms or in amounts satisfactory to us. As a result of any of these events, our business, financial condition and operating results may suffer.

We are also dependent on third parties for the transportation of both our raw materials and the products we sell. In certain jurisdictions, we are exposed to import duties and freight costs, the latter of which is influenced by carrier availability and the fluctuating costs of oil and other transportation costs.

***Our business and financial performance may be adversely affected by economic downturns in the markets that we serve.***

Many of our products are packaging for products manufactured by other companies, so demand for our products is directly affected by consumer consumption of the products sold in the packages we produce. General economic conditions affect consumption in Graham Packaging's, Evergreen's and Closures' primary end-use markets, including beverage products, such as milk, other dairy products, juices, bottled water and carbonated and non-carbonated soft drinks, as well as the liquid food market and other packaged consumer products. Reynolds Consumer Products depends on the market conditions in the retail industry and consumer demand for its products which are also affected by general economic conditions. Similarly, demand for our Pactiv Foodservice products is impacted by market conditions in the foodservice industry, including restaurant demand.

Downturns or periods of economic weakness or increased prices in these consumer markets have resulted in the past, and could result in the future, in decreased demand for our products. In particular, our business has been in the past, and could be in the future, adversely affected by any economic downturn that results in difficulties for any of our major customers, including retailers. For example, uncertainty about future economic conditions globally, and in the United States and Europe in particular, could negatively impact our customers and adversely affect our results of operations. These conditions are beyond our control and may have an impact on our sales and results of operations. Macro-economic issues involving the broader financial markets, including the housing and credit systems and general liquidity issues in the securities markets, have negatively impacted the economy and may negatively affect our growth. In addition, weak economic conditions and declines in consumer spending and consumption have in the past harmed, and may in the future harm, our operating results.

***Increased competition could reduce our sales and profitability and adversely affect our financial condition and results of operations.***

All of our segments operate in highly competitive markets. Some of our competitors have significantly higher market shares than we do globally, or in the geographic markets in which we compete. Some of our competitors offer a more specialized variety of packaging materials and concepts and may serve more geographic regions through various distribution channels. Some of our competitors have lower costs or greater financial and other resources than we do and may be less adversely affected than we are by price declines or by increases in raw material costs or otherwise better withstand adverse economic or market conditions. The competitive issues faced by each of our segments are discussed in more detail in "Item 4. Information on RGHL — Business Overview — Competition."

Although in some of our businesses capital costs are significant and there are intellectual property and technological barriers to entry, in addition to existing competitors, we also face the threat of competition from new entrants to our markets. To the extent there are new entrants, increasing or even maintaining our market shares or margins may be more difficult. In addition to other suppliers of similar products, our businesses also face competition from packaging made from other substrates. The prices that we can charge for our products are therefore constrained by the availability and cost of substitutes.

The combination of these market influences has created an intensely competitive environment in which product pricing (including volume rebates, marketing allowances and other items impacting net pricing) is a key competitive factor. Our customers continuously evaluate their suppliers, often resulting in downward pricing pressure and increased pressure to continuously introduce and commercialize innovative new products, improve customer service, maintain strong relationships with our customers and, where applicable, maintain and support consumer-meaningful brands. We



may lose customers in the future, which would adversely affect our business and results of operations. These competitive pressures could result in reduced sales and profitability and limit our ability to recover cost increases through price increases and, unless we are able to control our operating costs, our gross margin may be adversely affected.

***We are affected by seasonality and cyclicity in certain of our businesses.***

Demand for bottled beverages, and consequently the related packaging, caps and closures, may be affected by weather conditions, especially during the summer months when weather impacts cold beverage consumption. In addition, demand for our consumer products, and in some instances our packaging products, typically increases during the holiday season which leads to increased sales in the fourth quarter, and our school milk carton business is typically stronger during the North American school semesters and decreases during the holiday periods. The market for some of our products can be cyclical and sensitive to changes in general business conditions, industry capacity, consumer preferences and other factors. We have no control over these factors and they can significantly influence our financial performance.

***Our business and financial performance may be harmed by changes in consumer lifestyle, eating habits, nutritional preferences and health-related and environmental concerns.***

Many of our products are used by consumers in connection with food or beverage products. Any reduction in consumer demand for these product types as a result of lifestyle, environmental, nutritional or health considerations could have a significant impact on our customers and hence on our financial condition and results of operations. For example, there have been recent concerns about the environmental or health impact resulting from the manufacturing, shipping and/or disposal of resin-based products, such as plastic water bottles and polystyrene containers and packaging. Product stewardship and resource sustainability concerns, including the recycling of products and product packaging and restrictions on the use of potentially harmful materials in products, have received increased attention in recent years and are likely to play an increasing role in brand management and consumer purchasing decisions. In addition, changes in consumer lifestyle, such as the gradual decline of home cooking, may result in decreasing demand for certain of our consumer products and increasing demand for our foodservice products. Our financial position and results of operations might be adversely affected to the extent that such environmental concerns or changes in consumer lifestyle reduce demand for our products.

***If we fail to maintain satisfactory relationships with our major customers, our results of operations could be adversely affected.***

Many of our customers are large and possess significant market leverage, which results in significant downward pricing pressure, and often constrains our ability to pass through price increases. Reynolds Consumer Products generally sells its branded products pursuant to informal trading policies and its store branded products under one year or multi-year agreements. Pactiv Foodservice sells the majority of its products under agreements ranging from one to three years, with the balance sold pursuant to purchase orders or formal short-term supply agreements. In addition, we do not have written agreements with some of our customers and many of our agreements can be terminated on short notice. Graham Packaging's sales are made pursuant to long-term customer purchase orders and contracts which typically vary in length with terms up to ten years. Many of the contracts are requirements contracts which generally do not obligate the customer to purchase any given amount of product from Graham Packaging. Prices under Graham Packaging's arrangements are tied to market standards and therefore vary with market conditions. Evergreen's and Closures' products are generally sold under multi-year supply agreements with many of their customers. If our major customers reduce purchasing volumes or stop purchasing our products, our business and results of operations would likely be adversely affected. It is possible that we will lose customers in the future, which may adversely affect our business and results of operations.

***We could incur significant costs in complying with environmental, health and safety laws or permits or as a result of satisfying any liability or obligation imposed under such laws or permits.***

Our operations are subject to various federal, state, local and foreign environmental, health and safety laws and regulations. Among other things, these laws regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of our employees and the end-users of our products, regulate the materials used in and the recycling of products and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances, including releases by prior owners or operators of sites we currently own or operate. Violations of these laws and regulations or of any conditions contained in any environmental permit can result in substantial fines or penalties, injunctive relief, requirements to install pollution or other controls or equipment, civil and criminal sanctions, permit revocations and/or facility shutdowns. We could be held liable for the costs to address contamination of any real property we have ever owned, operated or used as a disposal site. We also could incur fines, penalties, sanctions or be subject to third-party claims for property damage, personal injury or nuisance or otherwise as a result of violations of or liabilities under environmental laws or in connection with releases of hazardous or other materials. In addition, changes in, or new interpretations of, existing laws, regulations or enforcement policies, the discovery of previously unknown contamination, or the imposition of other environmental liabilities or obligations in the future, including additional investigation or other obligations with respect to any potential health hazards of our products or business activities or the imposition of new permit requirements, may lead to additional compliance or other costs that could have a material adverse effect on our business, financial condition or results of operations.

Moreover, as environmental issues, such as climate change, have become more prevalent, federal, state and local governments, as well as foreign governments, have responded, and are expected to continue to respond, with increased legislation and regulation, which could negatively affect us. For example, the United States Congress has considered legislation to reduce emissions of greenhouse gases. In addition, the United States Environmental Protection Agency ("EPA") is regulating certain greenhouse gas emissions under existing laws such as the Clean Air Act. These and other foreign, federal and state climate change initiatives may cause us to incur additional direct costs in complying with new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from our suppliers, customers or both incurring additional compliance costs that could get passed through to us or impact product demand. Additionally, the EPA is continuing the development of other new standards and programs that may be applicable to Evergreen's operations. In December 2012, the EPA finalized its rules regulating air emissions from industrial boilers and process heaters, commonly referred to as "Boiler MACT." Evergreen currently estimates capital costs to comply with the final Boiler MACT rules were approximately \$52 million; approximately \$51 million of such costs was spent in connection with the boiler at its Canton, North Carolina mill and \$1 million in costs was spent in connection with a boiler at its Pine Bluff, Arkansas mill. Evergreen expects no significant costs to be incurred in 2019. Evergreen does not expect the Boiler MACT rules to have a material adverse effect on its business or the expenditures needed to achieve compliance to significantly increase the RGHL Group's capital expenditures during these periods.



In addition, a number of governmental authorities, both in the United States and abroad, have considered, and are expected to consider, legislation aimed at reducing the amount of plastic wastes disposed. Programs have included, for example, mandating certain rates of recycling and/or the use of recycled materials, imposing deposits or taxes on plastic packaging material and requiring retailers or manufacturers to take back packaging used for their products. Legislation, as well as voluntary initiatives similarly aimed at reducing the level of plastic wastes, could reduce the demand for certain plastic packaging, result in greater costs for plastic packaging manufacturers or otherwise impact our business. Some consumer products companies, including some of our customers, have responded to these governmental initiatives and to perceived environmental concerns of consumers by using containers made in whole or in part of recycled plastic. Future legislation and initiatives could adversely affect us in a manner that would be material to our results of operations.

***We may not be able to achieve some or all of the benefits that we expect to achieve from our restructuring and cost savings programs.***

We regularly review our businesses to identify opportunities to reduce our costs. When we identify such opportunities, we may develop a restructuring or cost savings program to attempt to capture those savings. We may not be able to realize some or all of the cost savings we expect to achieve in the future as a result of our restructuring and cost savings programs in the time frame we anticipate. A variety of factors could cause us not to realize some of the expected cost savings, including, among others, delays in the anticipated timing of activities related to our cost savings programs, lack of sustainability in cost savings over time, unexpected costs associated with operating our business, and lack of ability to eliminate duplicative back office overhead and redundant selling, general and administrative functions, obtain procurement related savings, rationalize our distribution and warehousing networks, rationalize manufacturing capacity and shift production to more economical facilities and avoid labor disruptions in connection with any integration, particularly in connection with any headcount reduction.

***Our insurance may not protect us against business and operating risks.***

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive in relation to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance policies are economically unavailable or available only for reduced amounts of coverage. For example, we will not be fully insured against all risks associated with pollution and other environmental incidents or impacts. Moreover, we may not be able to maintain adequate insurance in the future at rates we consider reasonable or to obtain or renew insurance against certain risks. Any significant uninsured liability may require us to pay substantial amounts which would adversely affect our cash position and results of operations.

***We may be involved in a number of legal proceedings that could result in substantial liabilities for us.***

We are involved in several legal proceedings. It is difficult to predict with certainty the cost of defense or the outcome of these proceedings and their impact on our business, including remedies or damage awards. The outcomes of these legal proceedings and other contingencies could require us to take or refrain from taking certain actions, which actions or inactions could adversely affect our operations or could require us to pay substantial amounts of money or restrict our operations. If liabilities or fines resulting from these proceedings are substantial or exceed our expectations, our business, financial condition or results of operations may be adversely affected.

***Loss of any of our key manufacturing facilities could have an adverse effect on our financial condition or results of operations.***

While we manufacture most of our products in a number of diversified facilities, a loss of the use of all or a portion of any of our key manufacturing facilities due to an accident, labor issues, weather conditions, natural disaster or otherwise could have a material adverse effect on our financial condition or results of operations. In addition, certain of our products are produced at only one or at a small number of facilities, increasing the risks associated with a loss of use of such facilities. Examples of events that have caused plant shut-downs or disrupted production include (i) in September 2012, we ceased foil rolling operations at our Louisville, Kentucky plant (the only plant at which we perform the foil rolling phase of our foil manufacturing process) for 13 days because of a potential risk that we could have exceeded the limit under the plant's air emissions permit, (ii) storm damage and flooding from Hurricane Sandy in October 2012 at Pactiv Foodservice's Kearny, New Jersey plant, where injection molded products were manufactured, that led to the closure of that plant and the relocation of such production to other facilities, and (iii) a fire in May 2013 at Pactiv Foodservice's facility in Macon, Georgia, which manufactures molded fiber products (primarily egg cartons), that caused that plant to be closed for repairs until 2014. Other facilities have from time to time been impacted by adverse weather and other natural events, and while to date no such event has had a material adverse effect on our business, the prolonged loss of a key manufacturing facility could have such an effect.

***Future government regulations and judicial decisions affecting products we produce or the products contained in or sealed with the packaging, caps or closures we produce could significantly reduce demand for our products.***

Government regulations and judicial decisions that affect the products we produce or the products contained in or sealed with the packaging, caps or closures we produce could significantly reduce demand for our products. For example, several cities have banned the sale of polystyrene foam products. Other jurisdictions have imposed taxes on products bottled or packaged in our products which has affected the sales of our products. Future legislation could also limit the use of our products or impose certain taxes on the use of our products. Such legislation could significantly reduce demand for many of our products and adversely affect our sales.

Changes to health and food safety regulations could increase costs and may also have a material adverse effect on our sales if, as a result, the public's attitude towards our consumer products or the end-products for which we provide packaging, caps or closures is substantially affected.

***Loss of our key management and other personnel, or an inability to attract new management and other personnel, could impact our business.***

We depend on our senior executive officers and other key personnel to operate our businesses and on our in-house technical experts to develop new products and technologies and to service our customers. The loss of any of these officers or other key personnel could adversely affect our operations. Competition is intense for qualified employees among companies that rely heavily on engineering and technology, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of our business could hinder our ability to successfully conduct research and development activities or develop and support marketable products.



***Significant consolidation among our customers or the loss of a significant customer could decrease demand for our products or our profitability.***

Consolidation among our customers could adversely affect our profitability. Over the last several years, there has been a trend toward consolidation among our customers in the food and beverage industry and in the retail and foodservice industries, and we expect that this trend will continue. Consolidation among our customers could increase their ability to apply price pressure, and thereby force us to reduce our selling prices or lose sales, which would impact our results of operations. Following a consolidation, our customers in the food and beverage industry may also close production facilities or switch suppliers of packaging, caps or closures which could impact sales of our filling and capping machines and other products, while our customers in the retail industry may close stores, reduce inventory or switch suppliers of consumer products.

Additionally, Reynolds Consumer Products, Pactiv Foodservice, Graham Packaging and Closures rely on a relatively small number of customers for a significant portion of their revenue. In 2018, (i) Reynolds Consumer Products' top ten customers accounted for 68% of its revenue, with one customer accounting for 40% of revenue, (ii) Pactiv Foodservice's top ten customers accounted for 55% of its revenue, with two customers, one of which was Reynolds Consumer Products, accounting for 13% and 11% of revenue, (iii) Graham Packaging's top ten customers accounted for 50% of its revenue, with one customer accounting for 10% of revenue, and (iv) Closures' top ten customers accounted for 69% of its revenue, with two customers accounting for 29% and 13% of the segment's total revenue. The loss of any of our significant customers could have a material adverse effect on our business, financial condition and results of operations.

***Supply of faulty or contaminated products could harm our reputation and business.***

We have control measures and systems in place to ensure the maximum safety and quality of our products is maintained. The consequences of not being able to do so, due to accidental or malicious raw material contamination, or due to supply chain contamination caused by human error or faulty equipment, could be severe. Such consequences may include adverse effects on consumer health, reputation, loss of customers and market share, financial costs or loss of revenue. In addition, if any of our competitors or customers supply faulty or contaminated products to the market, or if manufacturers of the end-products that utilize our packaging produce faulty or contaminated products, our industry, or our end-products' industries, could be negatively impacted, which could have adverse effects on our business.

In addition, if any of our products are found to be defective, we could be required to recall such products, which could result in adverse publicity, significant expenses and a disruption in sales and could affect our reputation and that of our products. Although we maintain product liability insurance coverage, potential product liability claims may exceed the amount of insurance coverage or potential product liability claims may be excluded under the terms of the policy.

***Currency exchange rate fluctuations could adversely affect our results of operations.***

Our business is exposed to fluctuations in exchange rates. Although our reporting currency is U.S. dollars, we operate in multiple countries and transact in a range of currencies in addition to U.S. dollars. Where possible, we try to minimize the impact of exchange rate fluctuations by transacting in local currencies so as to create natural hedges. There can be no assurance that we will be successful in protecting against these risks. Under certain circumstances in which we are unable to naturally offset our exposure to these currency risks, we may enter into derivative transactions to reduce such exposures. Nevertheless, exchange rate fluctuations may either increase or decrease our revenue and expenses as reported in U.S. dollars. Given the volatility of exchange rates, we may not be able to manage our currency transaction risks effectively, and volatility in currency exchange rates may materially adversely affect our financial condition or results of operations.

***We may not be successful in adequately protecting our intellectual property rights, including our unpatented proprietary knowledge and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.***

In addition to relying on the patent and trademark rights granted under the laws of the United States, countries in Europe and various other countries in which we operate, we rely on unpatented proprietary knowledge and trade secrets and employ various methods, including confidentiality agreements with employees and third parties, to protect our knowledge and trade secrets. However, these precautions and our patents and trademarks may not afford complete protection against infringement by third parties, and there can be no assurance that others will not independently develop the knowledge and trade secrets. Patent and trademark rights are territorial; thus, the patent and trademark protection we do have will only extend to those countries in which we have been issued patents and have registered trademarks. Even so, the laws of certain countries do not protect our intellectual property rights to the same extent as do the laws of the United States and various European countries. Further, we may not be able to prevent current and former employees, contractors and other parties from breaching confidentiality agreements and misappropriating proprietary information. It is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Infringement of our intellectual property may adversely affect our results of operations and make it more difficult for us to establish a strong market position in countries which may not afford adequate protection of intellectual property. Additionally, we have licensed, and may license in the future, patents, trademarks, trade secrets and similar proprietary rights to third parties. While we attempt to ensure that our intellectual property and similar proprietary rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect our rights or the value of our intellectual property, similar proprietary rights or reputation. If necessary, we also rely on litigation to enforce our intellectual property rights and contractual rights, and, if not successful, we may not be able to protect the value of our intellectual property. Any litigation could be protracted and costly and could have a material adverse effect on our business and results of operations regardless of its outcome.

Our success depends in part on our ability to obtain, or license from third parties, patents, trademarks, trade secrets and similar proprietary rights without infringing on the proprietary rights of third parties. Although we believe that our intellectual property rights are sufficient to allow us to conduct our business without incurring liability to third parties, our products may infringe on the intellectual property rights of such persons and we may be subject to claims asserting infringement of intellectual property rights. No assurance can be given that we will not be subject to such additional claims seeking damages, the payment of royalties or licensing fees and/or injunctions against the sale of our products. Any such litigation could be protracted and costly and could have a material adverse effect on our business and results of operations regardless of its outcome.

***If we are unable to stay abreast of changing technology in our industry, our profits may decline.***

Our businesses are subject to frequent and sometimes significant changes in technology, and if we fail to anticipate or respond adequately to such changes, or do not have sufficient capital to invest in these developments, our profits may decline. Our future financial performance will depend in part upon our ability to develop and market new products and to implement and utilize technology successfully to improve our business operations. We cannot predict all the effects of future technological changes. The cost of implementing new technologies could be significant, and our ability to potentially finance these technological developments may be adversely affected by our debt servicing requirements or our inability to obtain the financing we require to develop or acquire competing technologies.

***Employee slowdowns, strikes and similar actions could have a material adverse effect on our business and operations.***

Approximately 29% of our employees are subject to collective bargaining agreements or are represented by work councils. The transportation and delivery of raw materials to our manufacturing facilities and of our products to our customers by workers that are members of labor unions is critical to our business. In many cases, before we take significant actions with respect to our production facilities, such as workforce reductions or closures, we must reach agreement with applicable labor unions and employee works councils. The failure to maintain satisfactory relationships with our employees and their representatives, or prolonged labor disputes, slowdowns, strikes or similar actions, could have a material adverse effect on our business and results of operations.

***We face risks associated with certain pension obligations.***

We have pension plans that cover many of our employees, former employees and employees of formerly affiliated businesses. Many of these pension plans are defined benefit pension plans, pursuant to which the participants receive defined payment amounts regardless of the value or investment performance of the assets held by such plans. Deterioration in the value of plan assets, including equity and debt securities, resulting from a general financial downturn or otherwise, or a change in the interest rate used to discount the projected benefit obligations, could cause an increase in the underfunded status of our defined benefit pension plans, thereby increasing our obligation to make contributions to the plans, which in turn would reduce the cash available for our business.

Our largest pension plan is the Pactiv Retirement Plan, of which Pactiv became the sponsor at the time of the Pactiv spin-off from Tenneco Inc. in 1999. This plan covers most of Pactiv's employees as well as employees (or their beneficiaries) of certain companies previously owned by Tenneco Inc. but not currently owned by us. As a result, while persons who are not current Pactiv employees do not accrue benefits under the plan, the total number of individuals/beneficiaries covered by this plan is much larger than if only Pactiv personnel were participants. For this reason, the impact of the pension plan on our net income and cash from operations is greater than the impact typically found at similarly sized companies. Changes in the following factors can have a disproportionate effect on our results of operations compared with similarly sized companies: (i) interest rate used to discount projected benefit obligations, (ii) governmental regulations related to funding of retirement plans, (iii) financial market performance and (iv) revisions to mortality tables as a result of changes in life expectancy. Additionally, we have merged certain other plans into the Pactiv Retirement Plan. As of December 31, 2018, Pactiv's U.S. pension plan was underfunded by approximately \$795 million and subsequent adverse financial market performance and decreases in interest rates may significantly increase this deficit. Future contributions to our pension plans, including Pactiv's U.S. pension plan, could reduce the cash otherwise available to operate our business and could have an adverse effect on our results of operations.

***We may pursue and execute acquisitions, which, if not successful, could adversely affect our business.***

As part of our strategy, we may consider the acquisition of other companies, assets and product lines that either complement or expand our existing business. These acquisitions may be significant in size, scope or otherwise. However, we may not be able to continue to grow through acquisitions and cannot provide assurance that we will be able to consummate any acquisitions, or that any future acquisitions will be completed at acceptable prices and terms, or that the acquired businesses will be successfully integrated into our current operations. Acquisitions involve a number of specific risks.

There are or may be liabilities associated with the businesses we have acquired or may acquire. Acquisitions have the risk that the obligations and liabilities of an acquired company may not be adequately released, indemnified or reflected in the historical financial statements of such company and the risk that such historical financial statements may contain errors. We may also become responsible for liabilities that we failed to or were unable to discover in the course of performing due diligence procedures in connection with our historical acquisitions and any future acquisitions. When possible, we require the sellers to indemnify us against certain undisclosed liabilities; however, we cannot be certain that these indemnification rights that we have obtained, or will obtain in the future, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition or results of operations.

Our ability to successfully implement our business plan and achieve targeted financial results depends on our ability to successfully integrate businesses we have acquired in the past or may acquire in the future. Acquisitions inherently involve risks, including those associated with assimilating and integrating different business operations, corporate cultures, personnel, infrastructure and technologies or products and increasing the scope, geographic diversity and complexity of operations. There may be additional costs or liabilities associated with the acquisitions that we have consummated in the past that we did not anticipate at the time such acquisitions were consummated, including an unexpected loss of key employees or customers and hiring additional management and other critical personnel. These acquisitions may also be disruptive to our ongoing business and may not be favorably received by our customers. Any of these risks could adversely affect our business, financial condition and results of operations.

***We may sell some of our businesses from time to time.***

From time to time we may sell some of our businesses. Sales involve a number of risks, including diversion of management's attention to the sale process, costs associated with the sale process, risks associated with retained liabilities or indemnification obligations under the applicable sales agreements, loss of synergies that we enjoyed prior to the sale from having the sold business combined with our other businesses for certain costs and cost-sharing and the potential loss of benefits from having a more diverse group of businesses. We are currently undertaking a strategic review



of our Closures business. This review may result in a decision to sell some or all of that business, although no decision has been made at this time to do so.

Sales also create risks relating to the use of sales proceeds. Under our Credit Agreement and notes indentures, we are generally required to either (a) reinvest the net sale proceeds in our businesses, or (b) use the net sale proceeds to reduce our indebtedness by prepaying loans under our Credit Agreement and/or repaying some of our outstanding Reynolds Notes. If there is a significant period of time between when the net proceeds are received and when they are used to reduce indebtedness or reinvested in our business, interest costs associated with holding the proceeds will exceed the earnings on such funds.

***Changes in global conditions could adversely affect our business and results of operations.***

Our financial results could be substantially affected by global market risks in the countries outside the United States in which we have manufacturing facilities or sell our products, primarily in Europe, Asia and South America. Our business and results of operations are materially affected by conditions in these economies. There can be no assurance that economic issues in these regions would not result in adverse effects that may be material to our cash flows, competitive position, financial condition, results of operations, or our ability to access capital. In addition, we have substantial manufacturing facilities in certain countries that are exposed to economic and political instability. Many of our raw materials, particularly plastic resins, are affected by changes in oil prices, and economic or political unrest in petroleum producing countries, such as those in the Middle East, will affect oil prices, which could affect our cost of raw materials and our results of operations. Downturns in economic activity, adverse foreign tax consequences or any changes in social, political or labor conditions in any of these countries or regions could negatively affect our results of operations.

***Conditions in the global capital and credit markets and the economy in general may have a material adverse effect on our business, results of operations or financial position.***

The global capital and credit markets have undergone periods of significant volatility and disruption. Our results of operations and financial position have been, and may continue to be, negatively affected by adverse changes in the global capital and credit markets and the economy in general, both in the United States and elsewhere around the world. Economic conditions may also adversely affect the ability of our lenders, customers and suppliers to continue to conduct their respective businesses and may affect our ability to operate our production facilities in an economical manner. Many of our customers rely on access to credit to fund their operations. The inability of our customers to access credit facilities may adversely affect our business by reducing our sales, increasing our exposure to accounts receivable bad debts and reducing our profitability.

Concerns about consumer confidence, the availability and cost of credit, reduced consumer spending and business investment, the volatility and strength of global capital and credit markets and inflation have affected, and may continue to affect, the business and economic environment and ultimately the profitability of our business. Economic downturns characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending have resulted, and may continue to result, in decreased demand for our products. We are unable to predict the likely duration or severity of any disruption in global capital and credit markets and the economy in general, all of which are beyond our control and may have a significant impact on our business, results of operations, cash flows and financial position.

***The global scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences.***

We are subject to taxation in and to the tax laws and regulations of multiple jurisdictions as a result of the global scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds between our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations. In addition, the tax authorities in any applicable jurisdiction, including the United States, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, including the Reynolds Notes, intercompany loans and guarantees. If any applicable tax authorities, including the U.S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could result in the disallowance of deductions, the imposition of withholding taxes on internal deemed transfers or other consequences that could have a material adverse effect on our business, financial condition and results of operations.

***Our access to trade receivable financings could adversely impact our liquidity.***

The RGHL Group has a \$600 million receivables loan and security facility (the "Securitization Facility"). As of December 31, 2018, the RGHL Group had drawn \$420 million under this facility. The amount that can be borrowed is calculated by reference to a funding base determined by the amount of eligible trade receivables of certain members of the RGHL Group. The funding base may vary, on a monthly basis, throughout the term of the Securitization Facility. To the extent the amount of eligible trade receivables decreases, we may be required to pay down existing borrowings under the Securitization Facility, which could require us to use cash on hand or our revolver under the Credit Agreement (if available), which may be more expensive than borrowings under the Securitization Facility.

From time to time, we also may sell or factor some of our other accounts receivable. Our access to factoring programs depends on the availability of receivables insurance, and on our credit rating and the credit ratings of our customers and insurers. We may be unable to continue to utilize factoring programs or may only be able to do so on less desirable terms if either we are unable to obtain or renew receivables insurance or our credit rating or the credit ratings of our customers or insurers are negatively impacted. An inability to utilize factoring programs would slow our conversion of trade receivables to cash and increase our working capital requirements, which could require us to use revolver availability or cash on hand or to seek alternative sources of financing which may not be available or may be more expensive than our existing financing.

***Our hedging activities may result in significant losses and in period-to-period earnings volatility.***

We regularly enter into hedging transactions to limit our exposure to raw material and energy price risks. Our commodity hedges are primarily related to resin, aluminum, natural gas, ethylene, propylene, benzene, diesel and polyethylene. If our hedging strategies prove to be ineffective or if we fail to effectively monitor and manage our hedging activities, we could incur significant losses which could adversely affect our financial position





and results of operations, and we could experience significant fluctuations in our earnings from period to period. Factors that could affect the impact and effectiveness of our hedging activities include the accuracy of our operational forecasts of raw material and energy needs and volatility of the commodities and raw materials pricing markets.

***We depend on a small number of suppliers for our raw materials and any interruption in our supply of raw materials would harm our business and financial performance.***

Some of our key raw materials are sourced from a relatively small number of suppliers. As a consequence, we are dependent on these suppliers for an uninterrupted supply of our key raw materials. Such supply could be disrupted for a wide variety of reasons, many of which are beyond our control. We have written contracts with some but not all of our key suppliers, and many of our written contracts can be terminated on short notice or include *force majeure* clauses that would excuse the supplier's failure to supply in certain circumstances. An interruption in the supply of raw materials for an extended period of time could have an adverse impact on our business and results of operations.

***If Reynolds Consumer Products does not continue to develop and maintain brands that are meaningful to consumers, our results of operations may suffer.***

The ability of Reynolds Consumer Products to compete successfully increasingly depends on its ability to develop and maintain brands that are meaningful to consumers. The development and maintenance of such brands requires significant investment in product innovation, brand-building, advertising and marketing initiatives. Reynolds Consumer Products focuses on developing innovative products to address consumers' unmet needs as well as introducing store branded products that emulate other popular branded consumer products and may increase its expenditures for advertising and other brand-building or marketing initiatives. However, these initiatives may not deliver the desired results, which could adversely affect our business and the recoverability of the trade names recorded in the statement of financial position.

***Goodwill is a material component of our statement of financial position and impairments of such balance could have a significant impact on our results.***

We have recorded a significant amount of goodwill in our consolidated financial statements resulting from our acquisitions. We test the carrying value of goodwill for impairment at least annually and whenever events or circumstances indicate the carrying value may not be recoverable. The estimates and assumptions about future results of operations and cash flows made in connection with the impairment testing could differ from future actual results of operations and cash flows. While we have concluded, for each year presented in our consolidated financial statements included in this annual report, with the exception of Graham Packaging, that our goodwill is not impaired, future events could cause us to conclude that the goodwill associated with a given segment may have become impaired. Any resulting impairment charge, although non-cash, could have a material adverse effect on our results of operations and financial position.

In performing the annual impairment test for goodwill as of December 31, 2018 and in conjunction with our 2019 budgeting process, we determined that a goodwill impairment charge of \$206 million arose in respect of Graham Packaging. The recognition of this expense was triggered by the lower than expected performance of Graham Packaging during the year ended December 31, 2018, particularly during the three months ended December 31, 2018, and lower near term earnings expectations. The estimated recoverable amount has been determined using a fair value less costs of disposal methodology. This estimate of fair value represents a Level 3 hierarchy, which includes inputs that are not based on observable market data. The key assumptions associated with determining the estimated fair value are forecasted Adjusted EBITDA and a relevant earnings multiple. The impairment charge has been recognized in net other income (expenses) in the statement of comprehensive income. As a result of the impairment, the carrying value of Graham Packaging is the same as its recoverable amount (\$2.9 billion). It is reasonably possible that within the next 12 months, we could recognize goodwill impairment charges if we have declines in profitability due to changes in volume, pricing, cost or the business environment or an adverse change in the earnings multiple used in the calculation. These changes could cause us to record impairment charges in future periods, which could be material.

***Breaches of our information systems security measures could disrupt our internal operations.***

We depend on information technology for processing and distributing information in our business, including to and from our customers and suppliers. This information technology is subject to theft, damage or interruption from a variety of sources, including malicious computer viruses, security breaches, defects in design, employee malfeasance or human or technical errors. Additionally, we can be at risk if a customer's or supplier's information technology system is attacked or compromised. Cybersecurity incidents have increased in number and severity, and it is expected that these trends will continue. We have taken measures to protect our data and to protect our computer systems from attack but these measures may not prevent unauthorized access to our systems or theft of our data. If we or third parties with whom we do business were to fall victim to cyber-attacks or experience other cybersecurity incidents, such incidents could result in unauthorized access to, disclosure or loss of or damage to company, customer or other third party data; theft of confidential data including personal information and intellectual property; loss of access to critical data or systems; and other business delays or disruptions. If these events were to occur, we may incur substantial costs or suffer other consequences that negatively impact our operations and financial results.

***Risks Related to Our Structure, the Guarantees, the Collateral and the Reynolds Notes***

***Our substantial indebtedness could adversely affect our ability to fulfill our obligations under the Reynolds Notes and our other debt obligations.***

We have a substantial amount of outstanding indebtedness, which totaled \$11,076 million as of December 31, 2018, comprised of the outstanding principal amounts of our borrowings. Refer to note 15 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report for details of the RGHL Group's borrowings as of December 31, 2018.

Our substantial indebtedness could have significant consequences for you. For example, it could:

- make it more difficult for us to generate sufficient cash to satisfy our obligations with respect to the Reynolds Notes and our other indebtedness;

- increase our vulnerability to general adverse economic and market conditions;
- limit our ability to obtain additional financing necessary for our business;
- require us to dedicate a substantial portion of our cash flow from operations to payments in relation to indebtedness, reducing the amount of cash flow available for other purposes, including working capital, capital expenditures, acquisitions and other general corporate purposes;
- require us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet debt payment obligations;
- restrict us from making strategic acquisitions or exploiting business opportunities;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- place us at a possible competitive disadvantage compared to our competitors that have less debt;
- expose us to risks that are inherent in interest rate and currency fluctuations because certain of our indebtedness bears variable rates of interest and is in various currencies; and
- subject us to financial and other restrictive covenants, which, if we fail to comply with these covenants and that failure is not waived or cured, could result in an event of default under our indebtedness.

***Despite our substantial indebtedness, we may be able to incur substantially more debt.***

Despite our substantial indebtedness we may be able to incur or issue substantial additional debt in the future. Although restrictions on the incurrence of additional debt are contained in the indentures governing the Reynolds Notes and in the terms of our Credit Agreement, these restrictions are subject to a number of qualifications and exceptions. Also, these restrictions do not prevent us from incurring obligations that do not constitute indebtedness as defined in such restrictions, such as certain contingent obligations incurred in the ordinary course of business.

Our ability to incur indebtedness depends, in part, upon our satisfaction of certain financial covenants in the indentures governing the Reynolds Notes and in the terms of our Credit Agreement. The indentures governing the Reynolds Notes permit us to incur additional indebtedness either by satisfying certain incurrence tests or by incurring such additional indebtedness under certain specific categories of permitted debt. Indebtedness may be incurred under the incurrence tests if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis and, (i) under the indentures governing certain Reynolds Senior Secured Notes, the liens securing first lien secured indebtedness do not exceed a 3.50 to 1.00 senior secured first lien leverage ratio, (ii) under the indenture governing the 5.125% Senior Secured Notes due 2023 and the Senior Secured Floating Rate Notes due 2021, the liens securing the first lien secured indebtedness do not exceed a 4.50 to 1.00 senior secured first lien leverage ratio and (iii) under the indentures governing the Reynolds Senior Notes, the liens securing any secured indebtedness do not exceed a 4.50 to 1.00 secured leverage ratio.

Under the Credit Agreement, we may incur additional indebtedness either by satisfying certain incurrence tests or by incurring such additional indebtedness under certain specific categories of permitted debt. Incremental senior secured indebtedness under the Credit Agreement and senior secured notes in lieu thereof are permitted to be incurred up to an aggregate principal amount of \$750 million, subject to pro forma compliance with the Credit Agreement's total secured leverage ratio covenant. In addition, we may incur incremental senior secured indebtedness under the Credit Agreement, other senior secured loans and senior secured notes in an unlimited amount so long as our total secured leverage ratio does not exceed 4.50 to 1.00 on a pro forma basis and (in the case of incremental senior secured indebtedness under the Credit Agreement only) we are in pro forma compliance with the Credit Agreement's total secured leverage ratio covenant. The incurrence of unsecured indebtedness, including the issuance of senior notes, and unsecured subordinated indebtedness is also permitted if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis.

The amount of indebtedness that we can incur at any point in time will vary materially as a result of historical and pro forma changes in our earnings, cash flows and performance against contractual ratios and other results and factors.

***Restrictive covenants in the Reynolds Notes and our other indebtedness could adversely affect our business by limiting our operating and strategic flexibility.***

The indentures governing the Reynolds Notes contain restrictive covenants that limit our ability to, among other things:

- incur or guarantee additional indebtedness or issue preferred stock or disqualified stock, including to refinance existing indebtedness;
- pay dividends or make distributions in respect of capital stock;
- purchase or redeem capital stock;
- make certain investments or certain other restricted payments;
- create or incur liens;
- sell assets;
- agree to limitations on the ability of certain of our subsidiaries to make distributions;
- enter into transactions with affiliates; and

- effect a consolidation, amalgamation or merger.

These restrictive covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, mergers and acquisitions, joint ventures or other corporate opportunities. In addition, the Credit Agreement contains, and our future indebtedness may contain, other and more restrictive covenants and also prohibits us from prepaying certain of our other indebtedness prior to discharge of the Credit Agreement or such future indebtedness. The Credit Agreement contains a total secured leverage ratio covenant not to exceed 5.00 to 1.00 on a pro forma basis. This covenant operates for the benefit of the revolver lenders and issuing banks only, and applies if the aggregate revolving credit exposure (excluding any exposure in respect of undrawn letters of credit) as of the last day of a fiscal quarter exceeds 35% of the total commitments under the revolving credit facility on such day. Our future indebtedness may contain similar or other financial ratios set at levels determined by us and our future lenders. The ability to meet the leverage ratio could be affected by a deterioration in our operating results, as well as by events beyond our control, including increases in raw material prices and unfavorable economic conditions, and we cannot assure you that the leverage ratio will be met. It may be necessary to obtain waivers or amendments with respect to covenants under the indentures governing the Reynolds Notes and in the terms of the Credit Agreement or our future indebtedness from time to time, but we cannot assure you that we will be able to obtain such waivers or amendments. A breach of any of these covenants, leverage ratio or restrictions could result in an event of default under the indentures governing the Reynolds Notes or in the terms of the Credit Agreement or our future indebtedness and any of our other indebtedness or result in cross-defaults under certain of our indebtedness. Upon the occurrence of an event of default under the indentures governing the Reynolds Notes, the terms of the Credit Agreement or such other indebtedness, the lenders could terminate their commitment to lend and elect to declare all amounts outstanding under such indebtedness, together with accrued interest, to be immediately due and payable. If the lenders accelerate the payment of that indebtedness or foreclose on the assets securing that indebtedness, including the collateral, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness then outstanding, including the Reynolds Notes.

***Our ability to generate the significant amount of cash needed to pay interest and principal on the Reynolds Notes and service our other debt and the ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control.***

Our ability to generate sufficient cash flow from operations to make scheduled payments on, or to refinance obligations under, our debt will depend on our financial and operating performance, which, in turn, will be subject to prevailing economic and competitive conditions and to financial and business-related factors, many of which may be beyond our control. See “— Risks Related to Our Business” above.

As of December 31, 2018, we had \$11,076 million of outstanding indebtedness, comprised of the outstanding principal amounts of our borrowings. Our annual cash interest obligations for 2019 on our Credit Agreement, the Reynolds Notes, the Securitization Facility, the Pactiv Notes and our other indebtedness are expected to be \$620 million, assuming interest on our floating rate debt continues to accrue at the current interest rates and there is no change in the current euro-to-U.S. dollar exchange rate for euro-denominated interest obligations. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce working capital levels, reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure all or a portion of our debt. In the future, our cash flow and capital resources may not be sufficient to allow us to make payments of principal and interest on our debt. Any alternative measures we may take may not be successful or be on commercially reasonable terms and may not permit us to meet our scheduled debt service obligations, including the payment of interest or principal in respect of the Reynolds Notes. In addition, we may want or need to refinance some or all of our indebtedness prior to maturity. We cannot assure you that we will be able to refinance any of our indebtedness or obtain additional financing, particularly because of our anticipated high levels of debt, prevailing market conditions and the debt incurrence restrictions imposed by the agreements governing our debt. In the absence of sufficient cash flow and capital resources, we could face substantial liquidity problems and may be required to dispose of material assets or operations to meet our debt service and other obligations. The indentures governing the Reynolds Notes and the terms of the Credit Agreement restrict, and our future indebtedness is likely to restrict, both our ability to dispose of assets and the use of proceeds from any such disposition. We cannot assure you that we will be able to consummate any asset sales, or if we do, what the timing of the sales will be or whether the proceeds that we realize will be adequate to meet our debt service obligations when due or that we will be contractually permitted to apply such proceeds for that purpose. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to implement any of these alternative measures, would have a material adverse effect on our business, financial condition and results of operations.

***Mr. Graeme Hart, our strategic owner, controls us through a number of holding companies and may have conflicts of interest with the holders of our debt or us in the future.***

Mr. Graeme Hart indirectly owns all of our common stock and the actions he is able to undertake as our sole ultimate shareholder may differ from or adversely affect the interests of our debt holders. Because Mr. Hart ultimately controls our voting shares and those of all of our subsidiaries, he has and will continue to have the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as to elect our directors and those of our subsidiaries, to change our management and to approve any other changes to our operations. Additionally, Mr. Hart is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete, directly or indirectly, with us. Mr. Hart may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Finally, because none of our equity securities are listed on a securities exchange in the United States, we are not subject to certain of the corporate governance requirements of a U.S. securities exchange, including any requirement to have any independent directors.

***An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.***

A portion of our outstanding debt, including the indebtedness we have incurred under the Credit Agreement, the Floating Rate Senior Secured Notes due 2021 and the Securitization Facility and, potentially, our future indebtedness, bears interest at variable rates. As of December 31, 2018, we had \$4,699 million of variable rate debt outstanding. As a result, an increase in interest rates, whether because of an increase in market interest rates or an increase in our cost of borrowing, would increase the cost of servicing this debt and could materially reduce our profitability and adversely affect our ability to meet our obligations under the Reynolds Notes and our other debt obligations. The impact on us of such an increase would be more significant than it would be on some other companies because of our substantial debt.

***The Reynolds Notes are joint and several obligations of a New Zealand-based limited liability company, a U.S.-based corporation and a U.S.-based limited liability company, each having no independent operations or subsidiaries, and as a result, the Reynolds Notes Issuers' ability to service the Reynolds Notes is dependent on cash flow generated by members of the RGHL Group and their ability and willingness to make distributions to the Reynolds Notes Issuers.***

Reynolds Group Issuer Inc. ("U.S. Issuer"), an indirect wholly-owned subsidiary of RGHL and co-issuer of the Reynolds Notes, is a finance company with no operations of its own, and it has no material assets. Reynolds Group Issuer LLC ("U.S. Co-Issuer"), an indirect wholly-owned subsidiary of RGHL and co-issuer of the Reynolds Notes, is a finance company with no operations of its own, and its only material assets are certain intercompany proceeds loans to which it is a party. Reynolds Group Issuer (New Zealand) Limited ("NZ Issuer", and together with the U.S. Issuer and the U.S. Co-Issuer, the "Reynolds Notes Issuers"), an indirect wholly-owned subsidiary of RGHL and co-issuer of the Reynolds Notes, is a finance company with no operations of its own and its only material assets are certain intercompany loans to which it is a party. As a result of the foregoing, the Reynolds Notes Issuers' cash flows and their ability to service their indebtedness, including their ability to pay the interest and principal amount in respect of the Reynolds Notes when due, depend on the performance of the RGHL Group and the ability and willingness of members of the RGHL Group to provide funds to the Reynolds Notes Issuers.

Accordingly, repayment of the Reynolds Notes Issuers' indebtedness, including the Reynolds Notes, depends on the generation of cash flow by the RGHL Group, and (if they are not guarantors of the Reynolds Notes) the ability of RGHL Group members to make such cash available to the Reynolds Notes Issuers whether by dividend, debt repayment, investment, loan, advance or otherwise. Unless they are guarantors of the Reynolds Notes, members of the RGHL Group do not have any obligation to pay amounts due on such Reynolds Notes or to make funds available for that purpose. Our subsidiaries may not be able to make payments to each Reynolds Notes Issuer to enable it to make payments in respect of its indebtedness, including the Reynolds Notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit the Reynolds Notes Issuers' ability to obtain cash from our subsidiaries. While the indentures governing the Reynolds Notes limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to the Reynolds Notes Issuers, these limitations are subject to certain qualifications and exceptions. In the event that the Reynolds Notes Issuers do not receive payments from our subsidiaries, they may be unable to make required principal and interest payments on their indebtedness, including the Reynolds Notes.

In addition, any payment of interest, dividends, distributions, debt repayments, investments, loans or advances by our subsidiaries to the Reynolds Notes Issuers could be subject to restrictions on such payments under applicable local law, monetary transfer restrictions, withholding taxes and foreign currency exchange regulations in the jurisdictions in which the subsidiaries operate or under arrangements with local partners.

***A failure to comply with the debt covenants in the agreements governing our indebtedness could lead to an acceleration of our debt repayment and possibly bankruptcy.***

The terms of the Credit Agreement, the indentures governing the Reynolds Notes and the terms of our other indebtedness require us, and the terms of our future indebtedness are also likely to require us, to meet certain covenants. A default under any of our debt instruments could result in the accelerated repayment of our debt and possibly bankruptcy. This will negatively impact our ability to fulfill our obligations under the Reynolds Notes, including our obligation to pay interest and principal thereon.

***We are required to comply with covenants under our various debt agreements, which may be subject to multiple interpretations.***

We are subject to covenants under our various debt agreements, such as the indentures governing the Reynolds Notes and the terms of the Credit Agreement. These covenants may be subject to multiple interpretations, and, from time to time, parties to our debt agreements may disagree with our interpretation of these covenants. Disagreements with respect to the interpretation of these covenants may result in allegations of non-compliance which could result in a default or event of default under our indebtedness, either of which could materially adversely affect our financial condition.

***If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Reynolds Notes.***

If our operating performance declines, and we breach our covenants under the agreements governing such indebtedness, we may need to seek waivers from the noteholders and the lenders under the Credit Agreement, or holders of our other indebtedness to avoid being in default. We may not be able to obtain a waiver from the required number of lenders or noteholders. If this occurs, we would be in default under such indebtedness. Any default under the agreements governing our indebtedness that is not cured or waived, as applicable, by the required lenders or noteholders thereunder, and the remedies sought by the holders of such indebtedness, could prevent us from making payments of principal, premium, if any, or interest on the Reynolds Notes and could substantially decrease the market value of the Reynolds Notes. In the event of any such default, the holders of such indebtedness could elect to declare all outstanding amounts thereunder to be due and payable, together with accrued and unpaid interest, and this may also cause a cross default in our other indebtedness and we could be forced into bankruptcy or liquidation. See "Item 10. Additional Information — Material Contracts."

***We may be unable to raise the funds necessary to finance the change of control repurchase offers required by the indentures governing the Reynolds Notes and similar requirements in the agreements governing our other indebtedness.***

If a specified change of control occurs in relation to us, the Reynolds Notes Issuers would be required to make an offer to purchase all of the outstanding Reynolds Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. The occurrence of a change of control under the indentures governing the Reynolds Notes would require that the Credit Agreement, and may require that any of our future indebtedness, be immediately repaid or that we make an offer to repurchase it, possibly at a premium or subject to penalties. The Reynolds Notes Issuers may be dependent on RGHL and its subsidiaries for the funds necessary to fund any mandatory prepayment or redemption caused by such change of control event. RGHL and its subsidiaries may not have sufficient financial resources to purchase all of the Reynolds Notes that are tendered upon a change of control offer or to redeem such notes. A failure by the Reynolds Notes Issuers to purchase the Reynolds Notes after a change of control in accordance with the terms of the applicable indentures requiring such purchases would result in a default under the Credit Agreement and the indentures governing the Reynolds Notes and may result in a default under any future indebtedness.

The occurrence of a change of control may not be under our control and may occur at any time. For example, Packaging Finance Limited, the direct parent of RGHL, has pledged 100% of its shares in RGHL to certain lenders in connection with a financing arrangement. Consequently, it is possible



that such lenders may enforce the pledge against Packaging Finance Limited and foreclose on the RGHL shares for reasons outside of our control. Such foreclosure may result in a change of control under the indentures governing the Reynolds Notes. In the event of a change of control, we cannot assure you that we will have sufficient assets to satisfy all of our obligations under the Credit Agreement, the Reynolds Notes, any future indebtedness and any other debt requiring repayment upon such event.

The Credit Agreement limits, and our future indebtedness may limit, our right to purchase or redeem certain indebtedness. In the event any purchase or redemption is prohibited, we may seek to obtain waivers from the required lenders under the Credit Agreement or our future lenders to permit the required repurchase or redemption, but the required lenders do not have, and our future lenders are unlikely to have, any obligation to grant, and may refuse to grant, such a waiver.

***Certain of our debt obligations mature in close proximity to each other.***

Our obligations under the Reynolds Notes, the Pactiv Notes and the term loans under the Credit Agreement mature between October 15, 2020 and April 15, 2027, and some of the maturity dates are in close proximity to each other. Based on outstanding balances as of December 31, 2018, principal amounts of \$3,173 million mature in 2020, \$1,131 million mature in 2021, \$36 million mature in 2022, \$4,984 million mature in 2023, \$800 million mature in 2024, \$276 million mature in 2025 and \$200 million mature in 2027. As a result, we may not have sufficient cash to repay all amounts under our debt obligations at maturity. Furthermore, there can be no assurance that we will have the ability to borrow or otherwise raise the amounts necessary to repay such amounts and it may be difficult to refinance our indebtedness.

Our Securitization Facility matures in 2022. As of December 31, 2018, \$420 million has been drawn under the Securitization Facility. We may not have sufficient cash to repay all amounts under our Securitization Facility at maturity. Furthermore, there can be no assurance that we will have the ability to borrow or otherwise raise the amounts necessary to repay the Securitization Facility and it may be difficult to refinance such facility.

***Not all of our subsidiaries guarantee the Reynolds Notes, and the Reynolds Notes and the related guarantees will be structurally subordinated to all of the claims of creditors of those non-guarantor subsidiaries.***

The Reynolds Notes are guaranteed by RGHL, BP I and subsidiaries of BP I that guarantee the Credit Agreement. The guarantee of the Reynolds Notes by a subsidiary, however, will be automatically released upon the Trustee's receipt of a notice if such subsidiary's guarantee of the Credit Agreement is released or discharged. See "— Because each guarantor's or security provider's liability under its guarantee or security may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors or security providers." In the future, other subsidiaries will be required to guarantee the Reynolds Notes only under certain limited circumstances. In addition, the indentures governing the Reynolds Notes do not limit the transfer of assets to, or the making of investments in, any of our restricted subsidiaries, including our non-guarantor subsidiaries.

In the event that any non-guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved, or is otherwise wound up other than as part of a solvent transaction, the assets of such non-guarantor subsidiary will be used first to satisfy the claims of its creditors, including its trade creditors, banks and other lenders. Only the residual equity value will be available to the Reynolds Notes Issuers and any other guarantor of the Reynolds Notes, and only to the extent the Reynolds Notes Issuers or any guarantor of the Reynolds Notes are parent companies of such non-guarantor subsidiary. However, the Reynolds Notes Issuers currently do not have any subsidiaries. Consequently, the Reynolds Notes and each guarantee of the Reynolds Notes will be structurally subordinated to claims of creditors of non-guarantor subsidiaries. In addition, the indentures governing the Reynolds Notes permit our subsidiaries, including our non-guarantor subsidiaries, to incur additional debt (subject to certain conditions and limitations with respect to restricted subsidiaries) and do not limit their ability to incur trade payables and similar liabilities.

***Fraudulent conveyance laws and other limitations on the enforceability of the Reynolds Notes, the related guarantees and any security securing such notes or related guarantees, may adversely affect the validity and enforceability of such instruments or the related security securing them.***

The Reynolds Notes, the related guarantees and any security securing the such notes or the related guarantees (including any future guarantees and future security interests) may be subject to claims that they should be limited or voided in favor of our existing and future creditors under applicable fraudulent conveyance law, including laws in Canada, New Zealand and the United States, if an action (either in connection with a bankruptcy, liquidation or reorganization case or under a lawsuit in which a bankruptcy is not involved) were commenced at some future date by an Issuer, by the guarantors or on behalf of our unpaid creditors or the unpaid creditors of a guarantor. In addition, the enforcement of the Reynolds Notes and the guarantees and the amount that can be recovered under a security interest in respect of any asset is limited to the extent of the amount which can be guaranteed by a particular guarantor, security provider or Issuer without rendering the applicable guarantee or security voidable or otherwise ineffective under applicable law. Moreover, the enforcement of the Reynolds Notes, guarantees or security against any Issuer, a relevant guarantor or security provider will be subject to certain defenses available to the Issuers, guarantors or security providers generally under (i) the laws of New York, which will govern the Reynolds Notes and the guarantees, (ii) the laws governing the relevant security document, and (iii) laws applicable to companies and other corporate entities in the jurisdiction in which the relevant Issuer or guarantor or, if applicable, security provider is organized. These laws and defenses include those that relate to fraudulent conveyance or transfer, fraudulent or voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization, unlawful dividend and defenses affecting the rights of creditors or other stakeholders generally.

Although laws differ significantly among jurisdictions, in general, under fraudulent conveyance and similar laws, a court could subordinate or void any note obligation, guarantee or security obligation if it found that, at the time any Issuer, guarantor or security provider, as applicable, issued the Reynolds Notes or incurred obligations under a related guarantee or any security, (i) the transactions relating to the issuance of the Reynolds Notes, the related guarantees or providing the security securing such notes were undertaken with the intent of preferring, hindering, delaying or defrauding, as applicable, current or future creditors or (ii) such Issuer or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing the Reynolds Notes, incurring the guarantee or providing the security, as applicable, and, in the case of (ii) only, any one of the following is also true:

- any Issuer or any of the guarantors was insolvent or was rendered insolvent by reason of the incurrence of the applicable indebtedness or guarantee or providing the security, as applicable;



- the issuance of the Reynolds Notes, the related guarantees or the grant of security interests left any Issuer or any of the guarantors with an unreasonably small amount of capital to carry on the business in which such Issuer or such guarantor was engaged or about to engage; or
- any Issuer or any of the guarantors intended to incur, or believed that it would incur, debts beyond its ability to pay as such debts matured.

If a court were to find that the issuance of the Reynolds Notes, the related guarantees or the grant of security interests was a fraudulent conveyance or fraudulent transfer, the court could void the payment obligations under the notes or such guarantee in total or in part or further subordinate the Reynolds Notes or such guarantee to presently existing and future indebtedness of the applicable Issuer or such guarantor, or require the holders of the Reynolds Notes to repay any amounts received with respect to the Reynolds Notes or such guarantee or void the granting of security interests securing the Reynolds Notes or the related guarantees. In the event of a finding that a fraudulent conveyance or a fraudulent transfer occurred, you may not receive any repayment on the Reynolds Notes. Further, the voidance of the Reynolds Notes could result in an event of default with respect to our other debt and that of the guarantors that could result in the acceleration of such debt.

The measure of insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied in the relevant legal proceeding, such that we cannot be certain as to: the standards a court would use to determine whether or not the applicable Issuer or the guarantors were solvent at the relevant time, or, regardless of the standard that a court uses, that it would not determine that such Issuer or a guarantor was indeed insolvent on that date; that any payments to the holders of the Reynolds Notes (including under the guarantees) did not constitute preferences, fraudulent conveyances or fraudulent transfers on other grounds; or that the issuance of the Reynolds Notes and the guarantees would not be subordinated to such Issuer's or any guarantor's other debt. Generally, however, an issuer, a guarantor or a security provider could be considered insolvent if:

- it has failed to pay an amount that is due and in relation to which the creditor has served a written demand;
- it has failed to pay its liabilities generally as they become due;
- the sum of its debts, including contingent liabilities, is greater than its assets, at a fair valuation; or
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities, including contingent liabilities, as they become absolute and mature.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is satisfied. A court would likely find that the applicable Issuer or a guarantor did not receive reasonably equivalent value or fair consideration for the Reynolds Notes or such guarantee and/or security interest if such Issuer or such guarantor did not substantially benefit directly or indirectly from the issuance of the Reynolds Notes or the applicable guarantee and/or security interest. Thus, if the guarantees were legally challenged, any guarantee could be subject to the claim that, since the guarantee was incurred for the Issuer's benefit, and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than reasonably equivalent value or fair consideration. Therefore, a court could void the obligations under the guarantees (and any related security interests), subordinate them to the applicable guarantor's other debt or take other action detrimental to the holders of the Reynolds Notes.

To the extent a court voids any of the guarantees or related security interests as fraudulent conveyances or fraudulent transfers or holds any of the guarantees unenforceable for any other reason, the holders of the Reynolds Notes would cease to have any direct claim against the applicable guarantor or, in the case of the security interests or the related guarantees, the holders of the Reynolds Notes would cease to have a secured claim against the applicable Issuer or guarantors. If a court were to hold a guarantee unenforceable, the applicable guarantor's assets would be applied first to satisfy the applicable guarantor's other liabilities, if any, and might not be applied to the payment of the guarantee of the Reynolds Notes. Sufficient funds to repay the Reynolds Notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from the applicable Issuer or the applicable guarantor.

Although each guarantee entered into in connection with the Reynolds Notes will contain a provision, referred to as the "savings clause," intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent conveyance or fraudulent transfer, this provision may not be effective as a legal matter to protect those guarantees from being avoided under fraudulent conveyance or fraudulent transfer law or otherwise, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

In addition, as noted above, any payment by an Issuer pursuant to the Reynolds Notes or by a guarantor under a guarantee made at a time such Issuer or such guarantor was found to be insolvent could be voided and required to be returned to such Issuer or such guarantor or to a fund for the benefit of such Issuer's or such guarantor's creditors if such payment is made to an insider within a one-year period prior to a bankruptcy filing or within 90 days for any non-insider party and such payment would give such insider or non-insider party (as the case may be) more than such creditors would have received in a distribution under the U.S. Bankruptcy Code in a hypothetical Chapter 7 case.

Finally, as a court of equity, the bankruptcy court may otherwise subordinate the claims in respect of the Reynolds Notes or the guarantees to other claims against an Issuer or the guarantors under the principle of equitable subordination, if the court determines that (i) the holder of the Reynolds Notes engaged in some type of inequitable conduct, (ii) such inequitable conduct resulted in injury to other creditors or conferred an unfair advantage upon the holder of the Reynolds Notes and (iii) equitable subordination is not inconsistent with the provisions of the U.S. Bankruptcy Code.

We cannot give you any assurance as to what standards a court would use to determine whether any issuer, guarantor or security provider was solvent at the relevant time, or whether, notwithstanding the standard used, the Reynolds Notes or the applicable guarantee or security would not be avoided on other grounds, including those described above.

Laws or judicial determinations similar to those described above may also apply to any future guarantee or security granted by one of our subsidiaries.

***Insolvency laws could limit the ability of noteholders to enforce their rights under the Reynolds Notes, the guarantees and the security.***

Any insolvency proceedings with regard to any issuer, guarantor or security provider would most likely be based on and governed by the insolvency laws of the jurisdiction under which the relevant entity is organized. As a result, in the event of insolvency with regard to any of these entities, the claims of holders of the Reynolds Notes against any applicable issuer, guarantor or security provider may be subject to the insolvency laws of its jurisdiction of organization. The provisions of such insolvency laws differ substantially from each other, including with respect to rights of creditors, priority of claims and procedure and may contain provisions that are unfavorable to holders of the Reynolds Notes. In addition, there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in cross-border insolvency proceedings.

As a general matter, under insolvency law, any issuer's, any guarantor's or any security provider's liabilities in respect of the Reynolds Notes, the related guarantees and, if applicable, security, may, in the event of insolvency or similar proceedings, rank junior to certain of such issuer's, guarantor's or security provider's debts that are entitled to priority under the laws of such jurisdiction. Debts entitled to priority may include (i) amounts owed in respect of employee pension schemes, (ii) certain amounts owed to employees, (iii) amounts owed to governmental agencies, including tax authorities and (iv) expenses of an insolvency practitioner. In addition, in some jurisdictions, an examiner or administrator or similar party may be legally required to consider the interest of third parties (including, for example, employees) or the best interests of the relevant company in connection with the proceedings. In certain cases, the ability of a holder to collect interest accruing on the Reynolds Notes in respect of any period after the commencement of liquidation proceedings and a holder's rights in respect of the guarantees may be limited.

***The enforcement of your rights as holders of the Reynolds Notes or under the related guarantees or security across multiple jurisdictions may be difficult.***

The Reynolds Notes are joint and several obligations of the Reynolds Notes Issuers. The Reynolds Notes are guaranteed and for certain series of the Reynolds Notes security has been provided by certain of our subsidiaries which are organized under the laws of Canada, New Zealand and the United States. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions or in the jurisdiction of organization of a future guarantor. The rights of holders under the Reynolds Notes and the guarantees and the security granted will be subject to the laws of several jurisdictions and holders of the Reynolds Notes may not be able to enforce their rights effectively in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

In addition, the bankruptcy, insolvency, foreign exchange, administration and other laws of the various jurisdictions in which the issuers, guarantors and security providers are located may be materially different from or in conflict with one another and those of the United States, including in respect of creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The consequences of the multiple jurisdictions involved in the transaction could trigger disputes over which jurisdiction's law should apply and choice of law disputes which could adversely affect the ability of noteholders to enforce their rights and to collect payment in full under the Reynolds Notes, the related guarantees and any security.

***You may be unable to enforce judgments obtained in the United States and foreign courts against us, certain of the guarantors or our or their respective directors and executive officers.***

Certain of our directors and executive officers and certain of the guarantors as well as the NZ Issuer for the Reynolds Notes are, and will continue to be, non-residents of the United States, and most of the assets of these companies are located outside of the United States. As a consequence, you may not be able to effect service of process on the NZ Issuer and guarantors located outside the United States or the non-U.S. resident directors and officers in the United States or to enforce judgments of U.S. courts in any civil liabilities proceedings under the U.S. federal securities laws. Moreover, any judgment obtained in the United States against the non-resident directors, the executive officers, the NZ Issuer or the guarantors, including judgments with respect to the payment of principal, premium, if any, and interest on the Reynolds Notes, may not be collectible in the United States. There is also uncertainty about the enforceability in the courts of certain jurisdictions, including judgments obtained in the United States against certain of the guarantors, whether or not predicated upon the federal securities laws of the United States.

In particular, NZ Issuer is a limited liability company organized under the laws of New Zealand. Certain of its officers and directors are residents of various jurisdictions outside the United States. All or a substantial portion of their assets may be located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon such persons or to enforce judgments obtained against such persons in U.S. courts and predicated upon the civil liability provisions of the U.S. federal securities laws.

***We have not presented individual financial statements or summary financial data for each of the guarantors of the Reynolds Notes (other than RGHL), the Reynolds Notes Issuers or other members of the RGHL Group and are not required to do so in the future under the indentures governing the Reynolds Notes.***

Other than RGHL and BP I, we have not presented individual financial statements or summary financial data for each of the guarantors of the Reynolds Notes, the Reynolds Notes Issuers or other members of the RGHL Group in this annual report and may not be required to do so in the future under the indentures governing the Reynolds Notes. The absence of such separate financial statements may make it difficult for holders of the Reynolds Notes to assess the financial condition or results of operations of the Reynolds Notes Issuers and the guarantors or their compliance with the covenants in the indentures governing the Reynolds Notes, as applicable.

***Non-U.S. subsidiaries of our U.S. subsidiaries have not and will not guarantee the Reynolds Notes.***

Non-U.S. subsidiaries of our U.S. subsidiaries have not and will not guarantee the Reynolds Notes, and the Reynolds Notes are and will be structurally subordinated to all claims of creditors, including trade creditors, of such non-U.S. subsidiaries.

In addition, any pledge of the securities of any first tier non-U.S. subsidiaries of our U.S. subsidiaries is limited to 100% of their non-voting capital stock and 65% of their voting capital stock. There is no pledge of the capital stock of any non-U.S. subsidiaries of our U.S. subsidiaries other than with respect to certain of our first-tier non-U.S. subsidiaries. The Reynolds Senior Secured Notes have not and will not be secured by a pledge of the assets of any non-U.S. subsidiary of our U.S. subsidiaries. Accordingly, the Reynolds Senior Secured Notes are and will be effectively





subordinated to such non-U.S. subsidiaries' secured liabilities and obligations to the extent of the value of any assets that secure such liabilities and obligations.

We are not required to reorganize our corporate structure such that any non-U.S. subsidiaries of our U.S. subsidiaries will provide a guarantee or a pledge of their assets or such that a pledge of 100% of their voting capital stock can be granted.

***Certain jurisdictions may impose withholding taxes on payments under the Reynolds Notes and any related guarantees or security documents or impose foreign exchange restrictions which may alter or reduce the amount recoverable by noteholders.***

Payments made under the Reynolds Notes and any related guarantees or security granted in certain jurisdictions may be subject to withholding tax, the amount of which will vary depending on the residency of the recipient, the availability of double-tax treaty relief and the recipient's legal relationship with the relevant guarantor, issuer or security provider. In certain circumstances holders may be entitled to receive additional amounts in respect of such withholding tax, other than withholding tax imposed or levied by or on behalf of the United States or any political subdivision or governmental authority thereof or therein having power to tax. In addition, government or central bank approvals may be required in order for a guarantor, issuer or security provider organized under the laws of certain jurisdictions to remit payments outside that jurisdiction under its guarantee or security.

In addition, foreign exchange controls applicable in certain jurisdictions may limit the amount of local currency that can be converted into other currencies, including U.S. dollars, upon enforcement of a guarantee or security interest.

***You may face currency exchange risks by investing in the Reynolds Notes.***

The Reynolds Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than U.S. dollars, investment in the Reynolds Notes entails foreign currency exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. dollar relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the U.S. dollar against the currency in which you measure your investment returns would cause a decrease in the effective yield of the Reynolds Notes below their stated coupon rates and could result in a loss to you when the return on such notes is translated into the currency in which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Reynolds Notes. You should consult your tax adviser concerning the tax consequences to you of acquiring, holding and disposing of the Reynolds Notes.

***Our access to capital markets, our ability to enter into new financing arrangements and our business operations could be significantly impaired if our credit ratings are downgraded.***

Downgrades in our credit ratings could adversely affect our ability to access the capital markets and/or lead to increased borrowing costs in the future. Some rating agencies that provide corporate ratings on us or provide ratings on our debt may downgrade their corporate or debt ratings with respect to us. In addition, perceptions of us by investors, producers, other businesses and consumers could also be significantly impaired.

***Because each guarantor's or security provider's liability under its guarantee or security may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors or security providers.***

The Reynolds Notes have the benefit of the guarantees of and, with respect to the Reynolds Senior Secured Notes, security from RGHL, BP I and certain of its subsidiaries, including the Reynolds Notes Issuers. However, the guarantees and the security are limited to the maximum amount that the guarantors or the security providers are permitted to guarantee and secure under applicable law. As a result, a guarantor's or a security provider's liability under a guarantee or in respect of security could be materially reduced or reduced to zero depending on the amount of other obligations of such entity and upon applicable laws. Further, under certain circumstances, a court under applicable fraudulent conveyance and transfer statutes or other applicable laws could void the obligations under a guarantee or in respect of security, or subordinate the guarantee or security to other obligations of the guarantor or security provider. See "— Fraudulent conveyance laws and other limitations on the enforceability of the Reynolds Notes, the related guarantees and any security securing such notes or related guarantees, may adversely affect the validity and enforceability of such instruments or the related security securing them."

Our Credit Agreement provides us with flexibility to exclude certain non-U.S. subsidiaries from the collateral and guarantee requirements under the Credit Agreement, subject to certain conditions. The Credit Agreement requires that our guarantor subsidiaries collectively continue to maintain combined gross assets, excluding intercompany balances, of at least 75% of our consolidated total assets and combined EBITDA of at least 75% of our consolidated EBITDA. If we are unable to meet these minimum guarantee requirements at the end of a fiscal quarter, we would be required to add additional subsidiary guarantors as necessary to satisfy such requirements. See "Item 10. Additional Information — Material Contracts."

In addition, in certain jurisdictions, a guarantee or security interest granted by a company that is not in the company's corporate interests or where the burden of that guarantee or security exceeds the benefit to the company may not be valid and enforceable. It is possible that a creditor of an entity or the insolvency administrator in the case of an insolvency of an entity may contest the validity and enforceability of the guarantee or security and that the applicable court may determine that the guarantee or security should be limited or voided. In the event that any guarantees or security are deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the guarantee or secured obligation apply, the Reynolds Notes would rank *pari passu* with, or be effectively subordinated to, all liabilities of the applicable guarantor, including trade payables of such guarantor.

***Relevant local insolvency laws may not be as favorable to you as U.S. bankruptcy laws and may preclude holders of the Reynolds Notes from recovering payments due.***

Certain members of the RGHL Group that are either an issuer or guarantors or security providers are organized under the laws of Canada or New Zealand. The procedural and substantive provisions of the insolvency laws of these countries may not be as favorable to creditors as the provisions of U.S. law.

In the event that any one or more of the Reynolds Notes Issuers, the guarantors, security providers, any future guarantors or security providers or any other of our subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Primary note obligations, guarantees and security provided by entities organized in jurisdictions not summarized in this annual report and, in the case of security governed by the laws of a jurisdiction not summarized in this annual report, are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the primary note obligations, the guarantees and security after bankruptcy or an insolvency event in such other jurisdictions will possibly be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the guarantees and security in these jurisdictions and limit any amounts that you may receive.

***Most assets of the guarantors guaranteeing the Reynolds Senior Notes are subject to control by creditors with liens securing the Reynolds Senior Secured Notes and the Credit Agreement. If there is a default, the value of the assets may not be sufficient to repay the priority creditors and the holders of the Reynolds Senior Notes.***

The Reynolds Senior Notes are unsecured but are guaranteed by RGHL and certain of its subsidiaries. Most of the assets of the guarantors of the Reynolds Senior Notes are pledged, on a priority basis, for the benefit of the lenders under the Credit Agreement and for the benefit of the holders of the Reynolds Senior Secured Notes. The indentures governing the Reynolds Notes, as well as the terms of the Credit Agreement, allow the incurrence of additional senior secured indebtedness in the future. In the event of an insolvency or liquidation, or if payment under the Reynolds Senior Secured Notes, the Credit Agreement or any other secured debt is accelerated, the lenders under the Credit Agreement, holders of the Reynolds Senior Secured Notes and holders of any other secured debt will be entitled to exercise the remedies available to a secured lender under applicable law (in addition to any remedies that may be available under documents pertaining to the Credit Agreement, the Reynolds Senior Secured Notes or any other secured debt) and will be paid out of the assets pledged as collateral before these assets are made available to holders of the Reynolds Senior Notes. In such event, the proceeds from the sale of such assets may not be sufficient to satisfy our obligations under the Reynolds Senior Notes.

***Holders of the Reynolds Senior Secured Notes may not control certain decisions regarding collateral.***

The trustee and collateral agents for the holders of the Reynolds Senior Secured Notes and the administrative agent under the Credit Agreement have entered into the First Lien Intercreditor Agreement, which provides, among other things, that the lenders under the Credit Agreement will control substantially all matters related to the collateral that secures the Credit Agreement, which collateral also secures the Reynolds Senior Secured Notes, and the lenders under the Credit Agreement may direct the collateral agents to foreclose on or take other actions with respect to such collateral with which holders of the Reynolds Senior Secured Notes may disagree or that may be contrary to the interests of holders of the Reynolds Senior Secured Notes. In addition, the First Lien Intercreditor Agreement provides that, to the extent any collateral securing our obligations under the Credit Agreement is released to satisfy such creditor's claims in connection with such a foreclosure, the liens on such collateral securing the Reynolds Senior Secured Notes will also automatically be released without any further action by the trustee, collateral agents or the holders of the Reynolds Senior Secured Notes and the holders of the Reynolds Senior Secured Notes will agree to waive certain of their rights relating to such collateral in connection with a bankruptcy or insolvency proceeding involving us or any guarantor of the Reynolds Senior Secured Notes. The First Lien Intercreditor Agreement provides that the holders of the Reynolds Senior Secured Notes may not take any actions to direct foreclosures or take other remedial actions following an event of default under the Credit Agreement or the Reynolds Senior Secured Notes for at least 90 days and longer if the administrative agent under the Credit Agreement takes action to direct foreclosures or other actions following such event of default.

After the discharge of the obligations with respect to the Credit Agreement whether on enforcement or repayment (other than repayment with indebtedness incurred under an agreement designated as a "Credit Agreement" for the purposes of the First Lien Intercreditor Agreement), at which time the parties to the Credit Agreement will no longer have the right to direct the actions of any collateral agent with respect to the collateral pursuant to the First Lien Intercreditor Agreement, that right passes to the authorized representative of holders of the next largest outstanding principal amount of indebtedness secured by a first lien on the collateral.

In addition, subject to certain conditions, the security documents generally allow us and our subsidiaries to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral. This may impact the type and quality of the security interest granted in respect of the collateral. In addition, to the extent we sell any assets that constitute collateral, the proceeds from such sale will be subject to a lien securing the Reynolds Senior Secured Notes only to the extent such proceeds would otherwise constitute "collateral" securing the Reynolds Senior Secured Notes under the security documents. To the extent the proceeds from any sale of collateral do not constitute "collateral" under the security documents, the pool of assets securing the Reynolds Senior Secured Notes would be reduced and the Reynolds Senior Secured Notes would not be secured by the proceeds of the sale.

***There may not be sufficient collateral to satisfy our obligations under all or any of the Reynolds Senior Secured Notes.***

Much of our assets are not and will not be collateral for the Reynolds Senior Secured Notes or our other secured indebtedness and no appraisals of the fair market value of any assets that are collateral were prepared in connection with the offerings of the Reynolds Senior Secured Notes. The assets that are excluded from the collateral include all assets of certain foreign subsidiaries and a number of real properties. The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral. The book value of our assets may not be indicative of the fair market value of such assets, which could be substantially lower. Accordingly, the value of the collateral securing our indebtedness, including the Reynolds Senior Secured Notes and the Credit Agreement and our other indebtedness that shares in the collateral, could be substantially less than the aggregate principal amount of our secured indebtedness. By their nature, some or all of the pledged assets may be illiquid and may have no readily ascertainable market value or market. While we do not presently believe the Reynolds Senior Secured Notes or our other secured indebtedness are under-collateralized, the value of the assets pledged as collateral for the Reynolds Senior Secured Notes or our other secured indebtedness could be impaired in the future as a result of changing economic conditions in the relevant jurisdictions, changing legal regimes, our failure to implement our business strategy, competition and other future trends. In the event of a foreclosure,



liquidation, bankruptcy or similar proceeding, the proceeds from any sale or liquidation of the collateral may be insufficient to pay our obligations under the Reynolds Senior Secured Notes or our other secured indebtedness.

Most of the collateral is subject to the prior or equal claims of other creditors which could diminish any recovery from the collateral. Certain other creditors may have permitted liens which rank prior to the liens of the noteholders in the collateral. In addition, certain other creditors may have permitted liens which rank junior to the liens of the noteholders in the collateral. The indentures governing the Reynolds Notes also permit us to incur additional indebtedness that may share in the collateral on a senior or equal lien priority basis. Any additional obligations secured by a lien on the collateral securing the Reynolds Senior Secured Notes, whether effectively or actually senior to or equal with the lien in favor of the Reynolds Senior Secured Notes, will adversely affect the relative position of the holders of such Reynolds Senior Secured Notes with respect to the collateral securing such notes. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us, the proceeds of the enforcement against the collateral will be used first to pay the secured parties under any indebtedness secured on a senior lien priority basis over the collateral in full before making any payments on the Reynolds Senior Secured Notes and any other indebtedness with an equal lien on the collateral. Any Reynolds Senior Secured Notes remaining outstanding will be general unsecured claims that are equal in right of payment with our other unsecured unsubordinated or subordinated indebtedness, as relevant. The presence of junior liens may also impair the value recoverable from the collateral.

***The value of the collateral securing the Reynolds Senior Secured Notes may not be sufficient to secure post-petition interest.***

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against any issuer, guarantor or security provider located in the United States, holders of the Reynolds Senior Secured Notes will only be entitled to post-petition interest under the U.S. federal bankruptcy code to the extent that the value of their security interest in the collateral is greater than their pre-bankruptcy claim. Holders of the Reynolds Senior Secured Notes may be deemed to have an unsecured claim to the extent that our obligations in respect of the Reynolds Senior Secured Notes exceed the fair market value of the collateral securing the Reynolds Senior Secured Notes. As a result, holders of the Reynolds Senior Secured Notes that have a security interest in collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the bankruptcy code. In addition, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the collateral with respect to the Reynolds Senior Secured Notes on the date of the bankruptcy filing was less than the then-current principal amount of the Reynolds Senior Secured Notes. Upon a finding by a bankruptcy court that the Reynolds Senior Secured Notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the Reynolds Senior Secured Notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement for holders of the Reynolds Senior Secured Notes to receive post-petition interest and a lack of entitlement for holders of the unsecured portion of the Reynolds Senior Secured Notes to receive other "adequate protection" under U.S. federal bankruptcy laws. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be re-characterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the Reynolds Senior Secured Notes. No appraisals of the fair market value of the collateral were prepared in connection with the offerings of the Reynolds Senior Secured Notes and we therefore cannot assure you that the value of the noteholders' interest in the collateral equals or exceeds the principal amount of the Reynolds Senior Secured Notes. See "— There may not be sufficient collateral to satisfy our obligations under all or any of the Reynolds Senior Secured Notes." In addition, in certain other jurisdictions, holders of Reynolds Senior Secured Notes may not be entitled to post-petition interest.

***The pledge of the securities of our subsidiaries that secures the Reynolds Senior Secured Notes, subject to certain exceptions, will automatically be released to the extent and for so long as that pledge would require the filing of separate financial statements with the SEC for that subsidiary. As a result of any such release, the Reynolds Senior Secured Notes could be secured by less collateral than our other first-lien indebtedness, including the Credit Agreement.***

The Reynolds Senior Secured Notes are secured by a pledge of the stock and other securities of certain of our subsidiaries held by the Reynolds Notes Issuers or the guarantors of the Reynolds Senior Secured Notes. Under the SEC regulations in effect as of the issue dates of the Reynolds Senior Secured Notes, if the par value, book value as carried by us or market value, whichever is greatest, of the capital stock, other securities or similar items of a subsidiary pledged as part of the collateral is greater than or equal to 20% of the aggregate principal amount of any one series of the Reynolds Senior Secured Notes then outstanding, such a subsidiary would be required to provide separate financial statements to the SEC. The indentures governing the Reynolds Senior Secured Notes provide that any portion of the capital stock and other securities of any of our subsidiaries will be excluded from the collateral to the extent that it exceeds the maximum amount of such capital stock or other security that can be pledged to secure the Reynolds Senior Secured Notes without causing such subsidiary to be required to file separate financial statements with the SEC pursuant to Rule 3-16 of Regulation S-X or another similar rule, except that such exclusion will not apply to shares of BP I at any time. As a result, holders of the Reynolds Senior Secured Notes could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries during that period. We conduct substantially all of our business through our subsidiaries, many of which have capital stock with a value in excess of 20% of the aggregate principal amount of the Reynolds Senior Secured Notes. Accordingly, the pledge of stock and securities with respect to each such subsidiary will be limited in value to less than 20% of the aggregate principal amount of the Reynolds Senior Secured Notes. As a result, holders of the Reynolds Senior Secured Notes could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries during that period. It may be more difficult, costly and time-consuming for holders of the Reynolds Senior Secured Notes to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary. In addition, the lenders under the Credit Agreement are not subject to such limitation and may have security interests which are substantially more valuable as a result thereof.

***The collateral securing the Reynolds Senior Secured Notes may be diluted under certain circumstances.***

The collateral that secures the Reynolds Senior Secured Notes, subject to certain limited exceptions, also secures obligations under our Credit Agreement. In addition, this collateral may secure additional senior indebtedness that we or our restricted subsidiaries incur in the future, subject to restrictions on our or their ability to incur debt and liens under the indentures governing the Reynolds Senior Secured Notes and other agreements governing our indebtedness. Your rights would be diluted by any increase in the amount of indebtedness secured by this collateral.

***The collateral is subject to casualty risk.***

Even if we maintain insurance, there are certain losses that may be either uninsurable or not economically insurable, in whole or part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any collateral, the insurance proceeds may not be sufficient to satisfy all of our obligations, including the Reynolds Senior Secured Notes and related guarantees.

***Any security granted over collateral might be avoided by a trustee in bankruptcy.***

Any security granted over collateral in favor of any collateral agents, including pursuant to security documents delivered after the date of the indentures governing the Reynolds Senior Secured Notes, might be avoided by the grantor, as debtor-in-possession, or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the grantor is insolvent at the time of granting the security or becomes insolvent as a result of entering into the security or associated documentation, including a guarantee, or a bankruptcy proceeding in respect of the security provider is commenced within a specified number of days following the granting of the security.

***In the event that the First Lien Intercreditor Agreement is found to be invalid or unenforceable, the liens in favor of a series of Reynolds Senior Secured Notes in some foreign jurisdictions may not rank pari passu with the liens in favor of the Credit Agreement and the liens in favor of the rest of the Reynolds Senior Secured Notes.***

The security documents that create the liens in favor of the Reynolds Senior Secured Notes and the Credit Agreement with respect to certain foreign collateral rely on the First Lien Intercreditor Agreement for establishing the relative priorities of the holders of the Reynolds Senior Secured Notes and the lenders and other secured parties under the Credit Agreement. Because the priority of any series of Reynolds Senior Secured Notes with respect to such foreign collateral as compared to the other series of Reynolds Senior Secured Notes and the Credit Agreement depends, in certain instances, on the enforceability of the First Lien Intercreditor Agreement, if the First Lien Intercreditor Agreement is found to be invalid or unenforceable, the liens in favor of a series of Reynolds Senior Secured Notes, in certain jurisdictions, may not rank *pari passu* with the liens in favor of the other series of Reynolds Senior Secured Notes and the Credit Agreement. In such a situation the claims of the holders of such series of the Reynolds Senior Secured Notes will be effectively subordinated to claims of the holders of the rest of the Reynolds Senior Secured Notes and the lenders and other secured parties under the Credit Agreement to the extent of the value of the assets secured by such liens.

***Security interests in respect of the collateral may be adversely affected by the failure to perfect security interests in certain collateral presently owned or acquired in the future.***

The security interest in the collateral securing the Reynolds Senior Secured Notes includes assets now owned or, to the extent permitted by applicable laws, acquired or arising in the future. Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the trustee or any collateral agent will monitor, or that we will inform the relevant trustee or any collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly create or perfect the security interest in such after-acquired collateral. Such failure may result in the loss of the security interest therein or the priority of the security interest in favor of the Reynolds Senior Secured Notes against third parties. In addition, we are not required to take certain perfection steps in respect of particular assets, whether owned now or acquired in the future, in certain jurisdictions for cost or commercial reasons or such perfection steps may only occur at the time of enforcement. For example, although certain of our trade receivables may be assigned by way of security, we are not required, and do not intend, to notify the obligor of such receivables of the existence of such security, which may impair the effectiveness of the security interest.

Certain of the jurisdictions where you have the benefit of a security interest in collateral securing the Reynolds Senior Secured Notes may not have public, or other third-party, registers where liens, pledges or other forms of security interests may be centrally recorded and if they do have such registers, registration may not be compulsory to protect a secured party's interests or any registration may not be made or, when made, may not be effective to create priority over other security granted prior to the registration being made. As a result, in these jurisdictions the trustee or collateral agent must rely on any representations and warranties given by us that there are no liens, pledges or applicable other security interests already in place. There can be no assurance that we will accurately inform the relevant trustee or any collateral agent of the status of the collateral securing the Reynolds Senior Secured Notes and the value of the security interest may be adversely affected thereby.

In addition, in certain jurisdictions security interests created over particular assets can only be perfected by possession of the asset by the secured party. The terms of the security documents may not require possession to be granted to the secured party until enforcement, meaning that the security interest will remain unperfected until possession is granted.

***Rights of holders of the Reynolds Senior Secured Notes may be adversely affected by bankruptcy proceedings in the United States.***

The right of the collateral agents to repossess and dispose of the collateral securing the Reynolds Senior Secured Notes upon acceleration is likely to be significantly impaired by U.S. federal bankruptcy law if bankruptcy proceedings are commenced by or against us prior to or possibly even after any collateral agent has repossessed and disposed of the collateral. Under the U.S. Bankruptcy Code, a secured creditor, such as any collateral agent, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without bankruptcy court approval. Moreover, U.S. bankruptcy law permits the debtor to continue to retain and to use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection." The meaning of the term "adequate protection" may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral and may include cash payments or the granting of additional security, if and at such time as the court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the Reynolds Senior Secured Notes could be delayed following commencement of a bankruptcy case, whether or when any collateral agent would repossess or dispose of the collateral, or whether or to what extent holders of the Reynolds Senior Secured Notes would be compensated for any delay in payment of loss of value of the collateral through the requirements of "adequate protection." Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the Reynolds Senior Secured Notes, the holders of the Reynolds Senior Secured Notes would have "undersecured claims" as to the difference. U.S. federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys' fees for "undersecured claims" during the debtor's bankruptcy case.





***Security providers may own assets outside the respective jurisdictions in which they were formed.***

The guarantors, security providers and issuers granting security in respect of the Reynolds Senior Secured Notes may own collateral located outside the respective jurisdictions in which such guarantors, security providers or issuers were formed. Where this is the case, the relevant security documents may not purport to create security interests over such collateral. In circumstances where the security documents purport to create security interests over such collateral, such security interests may not be effective, or the enforcement of such security interests in the jurisdiction in which the collateral is located may not be possible.

***The use of collateral agents may diminish the rights that a secured creditor would otherwise have with respect to the collateral.***

In most cases, the collateral will be taken in the name of a collateral agent for the benefit of the holders of the relevant Reynolds Senior Secured Notes and the relevant trustee. As a result, any collateral agent may effectively control actions with respect to collateral which may impair the rights that a noteholder would otherwise have as a secured creditor. Any collateral agent may take actions that a noteholder disagrees with or may fail to take actions that a noteholder wishes to pursue. For example, a collateral agent could decide to credit bid using the value of a noteholder's secured claim even if such noteholder would not individually have done so.

Furthermore, any collateral agent may fail to act in a timely manner which could impair the recovery of the noteholders.

In addition, in instances where any collateral agent cannot, or it is impractical for it to, hold a security interest, a gratuitous bailee may hold the security interest for the benefit of the noteholders. The holders will have no rights against any such gratuitous bailee.

***The collateral agents may not be able to possess certain collateral on enforcement and may also be prevented from holding security interests in certain collateral.***

Applicable laws may restrict the ability of a foreign entity that holds a security interest in particular collateral from taking possession of that collateral on enforcement. In addition, certain jurisdictions restrict the ability of foreign entities to hold the benefit of security interests over certain assets. This may mean that any collateral agent may be unable to benefit from security interests in certain collateral and may also restrict the ability of such collateral agent to transfer collateral into its name on enforcement.

***Intercompany movements of collateral may diminish the assets that serve as collateral and the priority of noteholder liens with respect to collateral.***

We are generally permitted to freely move assets within the RGHL Group subject to certain restrictions. However, not all members of the RGHL Group are or will be guarantors, security providers or issuers or grant security over the same type of assets. If collateral is transferred to an entity that is not a guarantor, security provider, or issuer, the interests of the noteholders will cease to be secured by such assets.

If collateral is moved to another entity that is a guarantor, security provider or issuer, the asset may cease to be collateral or your priority in the asset may be impaired. If a type of collateral is transferred to a guarantor that does not grant security interests with respect to that particular type of asset, then the noteholders will lose the benefit of such collateral. Even if the asset continues as collateral in the hands of the recipient entity, there may be hardening periods or notification requirements before the security interest becomes effective or the security interest might not be as beneficial to noteholders as it was in the possession of the transferring entity.

***Certain of our long-term indebtedness bears interest at variable interest rates, primarily based on LIBOR, which may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences.***

The U.K. Financial Conduct Authority, which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will evolve. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our current or future indebtedness including the Floating Rate Senior Secured Notes, borrowings under the Credit Agreement and the Securitization Facility may be adversely affected or we may need to renegotiate the terms of our debt agreements that utilize LIBOR as a factor in determining the applicable interest rate to replace LIBOR with the new standard that is established, if any, or to otherwise agree with the trustees or agents under such facilities or instruments on a new means of calculating interest.

#### **ITEM 4. INFORMATION ON RGHL**

##### **Corporate Information**

RGHL's executive offices are located at Level Nine, 148 Quay Street, Auckland 1010 New Zealand, and its telephone number is 64 (9) 358-5000. We have appointed National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904 as our agent for service of process in the United States.

The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information that we and other registrants have filed electronically with the SEC. Our filings are also available on our website at [www.reynoldsgroupholdings.com](http://www.reynoldsgroupholdings.com). The contents of our website are not incorporated by reference into this annual report.

##### **History and Development**

RGHL was incorporated on May 30, 2006 under the Companies Act 1993 of New Zealand. RGHL acquired its businesses in a series of transactions between 2008 and 2011. Further information regarding the history of each of the five segments is included in " — Business Overview."





## Recent Developments

We are currently undertaking a strategic review of our Closures business. That review may result in a decision to sell some or all of that business, although no decision has been made at this time to do so.

## Business Overview

### Overview

We are a leading global manufacturer and supplier of consumer food, beverage and foodservice packaging products. We are one of the largest consumer food, beverage and foodservice packaging companies in the United States, as measured by revenue, with leading market positions in many of our product lines based on management's analysis of industry data. We sell our products to customers globally, including to a diversified mix of leading multinational companies, large national and regional companies, and small local businesses. We primarily serve the consumer food, beverage and foodservice market segments.

For a discussion of financial results by segment for each of the last three years, see "Item 5. Operating and Financial Review and Prospects — Results of Operations" and for a discussion of our capital expenditures for each of the last three years, see "Item 5. Operating and Financial Review and Prospects — Liquidity and Capital Resources — Capital Expenditures."

### Reynolds Consumer Products

Reynolds Consumer Products is a leading manufacturer of branded and store branded consumer products such as aluminum foil, wraps, waste bags, food storage bags and disposable tableware and cookware. These products are typically used by consumers in their homes and are sold through a variety of retailers. Reynolds Consumer Products sells many of its products under well known brands such as Reynolds® and Hefty®, and also offers store branded products. Reynolds Consumer Products has a large customer base and operates primarily in North America. Virtually all revenue for Reynolds Consumer Products comes from the U.S. and Canada. The following table shows total segment revenue by product group for Reynolds Consumer Products for each of the years ended December 31, 2018, 2017 and 2016:

(In \$ million)	Revenue by product group		
	2018	2017	2016
Waste and storage products	1,227	1,157	1,166
Cooking products	1,160	1,071	1,060
Tableware	757	731	710
<b>Total</b>	<b>3,144</b>	<b>2,959</b>	<b>2,936</b>

### History

Our Reynolds Consumer Products business is primarily the result of combining our Reynolds aluminum foil business and our Hefty waste bag, food storage bag and tableware business. Reynolds Metals Company was founded in 1919 as the U.S. Foil Company. In 1926, the company began producing aluminum foil for packaging. In 1947, the company introduced its most famous product, Reynolds Wrap Aluminum Foil. The store branded plastic wraps, bags and container business was founded in 1961 under the Presto name and was acquired by Reynolds Metals Company in 1988. In 2000, Alcoa merged with Reynolds Metals Company. In 2008, the Reynolds consumer products business was acquired indirectly by Mr. Graeme Hart, our strategic owner.

Our Hefty business was developed by Mobil Plastics in the 1960s, starting with its best known product, the Hefty waste bag, and adding other plastic and aluminum products over time. In 1995, Tenneco Packaging Inc. acquired Mobil Plastics. In November 1999, Tenneco Packaging Inc. (which was renamed Pactiv Corporation) was spun-off to Tenneco Inc.'s stockholders. In November 2010, we acquired Pactiv and integrated the Hefty consumer products and Reynolds consumer products businesses to form our Reynolds Consumer Products segment.

### Products

Reynolds Consumer Products' portfolio of products consists of three product groups: waste and storage products; cooking products; and tableware products. These products are typically used by consumers in their homes and are sold through a variety of retailers, including grocery stores, mass merchandisers, warehouse clubs, drug stores, discount chains and military channels.

#### Waste and Storage

Waste and storage products includes branded and store branded plastic waste bags and food storage bags. The branded products are sold under such brand names as Hefty® Ultra Strong™, Hefty® Strong Trash Bags and Hefty® Slider Bags.

#### Cooking

Cooking products includes branded and store branded aluminum foil and disposable cookware, and the branded products are sold under the Reynolds® and Hefty® E-Z Foil® brands in the United States, under the Diamond® brand internationally and under the ALCAN® brand in Canada. We believe Reynolds Consumer Products, with its flagship Reynolds Wrap® products, holds the number one market position in the U.S. branded consumer foil market measured by revenue and volume.

## *Tableware*

Tableware products includes branded and store branded foam, plastic, molded fiber and pressed paperboard disposable tableware, including disposable plates, cups, bowls, cutlery and straws. Most of Reynolds Consumer Products' tableware is manufactured by Pactiv Foodservice. Branded products are sold under the Hefty® name.

## *Customers*

Reynolds Consumer Products' customer base includes leading grocery stores, mass merchants, warehouse clubs, discount chains, drug stores and military outlets. Through its sales organization, Reynolds Consumer Products is able to manage its relationships with customers at the national, regional and local levels, depending on their needs. We believe that Reynolds Consumer Products' sales support, together with Reynolds Consumer Products' ability to manufacture and supply store branded products, is a significant competitive advantage. Reynolds Consumer Products also manufactures Pactiv Foodservice's aluminum product offerings. In 2018, Reynolds Consumer Products' top ten customers accounted for 68% of the segment's total revenue, with one customer accounting for 40% of the segment's total revenue.

## *Competition*

Reynolds Consumer Products faces significant competition in all of its product lines from numerous national and regional companies of various sizes and cost structures. These competitors include The Clorox Company, Republic Plastics, Ltd., Trinidad Benham Corporation, S.C. Johnson and Intoplast Group, Ltd. The U.S. consumer food packaging market is relatively mature and highly competitive, with Reynolds Consumer Products being one of the few key participants in North America. Our competitors include consumer product companies, including large and well-established multinational companies and smaller regional and local companies, as most of our products compete with other widely advertised brands within each product category and with store branded products.

Reynolds Consumer Products benefits from the strength of its brands, a differentiated suite of store branded products, as well as significant capital investment in its manufacturing facilities. We believe the strong recognition of the Reynolds® brand (in existence since 1947) and Hefty® brand (in existence since 1962) among U.S. consumers gives Reynolds Consumer Products a competitive edge.

Reynolds Consumer Products competes in a marketplace dominated by large retailers, including grocery stores, mass-merchants, warehouse clubs, discount stores and drug stores, and changes in the strategy or structure of our major retailer customers, such as store and inventory reductions and retailer consolidations, have increased competitive pressures. The rapid growth of these large retailers, together with changes in consumer purchasing patterns, have contributed to the formation of dominant multi-category retailers that have strong negotiating power with suppliers. Current trends among such retailers include fostering high levels of competition among suppliers, demanding innovative new products from suppliers and requiring suppliers to maintain or reduce product prices and deliver products within shorter lead times. Other trends include consumers shifting purchasing channels by moving away from grocery stores and towards warehouse clubs and mass-merchants and retailers importing products directly from foreign sources and sourcing and selling products under their own store brands, which compete with our Reynolds and Hefty branded products. These competitive pressures may adversely affect Reynolds Consumer Products' business and financial performance.

## *Marketing and Sales*

Reynolds Consumer Products employs sales professionals organized by product type and customer channel. In addition to the sales professionals, the sales organization includes customer service representatives, marketing teams and an internal logistics and transportation team. Reynolds Consumer Products also utilizes third-party brokers for selected products and accounts. Reynolds Consumer Products provides its customers with category management expertise including assortment, pricing and promotion strategies, supported by innovation and consumer-focused insights. We believe this value-added service differentiates Reynolds Consumer Products from its competitors and strengthens its customer relationships.

## *Seasonality*

Reynolds Consumer Products' operations are moderately seasonal with higher levels of sales of cooking and tableware products around major U.S. holidays. Sales of cooking products are typically higher in the fourth quarter of the year, primarily due to the holiday use of Reynolds Wrap foil, Reynolds Oven Bags and Reynolds Parchment Paper. Sales of tableware products are higher in the second quarter of the year due to outdoor summer holiday use of disposable tableware plates, cups and bowls. Sales of waste and storage products are slightly higher in the second half of the year in North America, coinciding with the outdoor fall cleanup season.

## *Manufacturing*

Reynolds Consumer Products operates 13 manufacturing facilities strategically located across the United States and one manufacturing facility located in Canada to optimize distribution and minimize lead times and freight costs. At seven of its facilities, Reynolds Consumer Products also manufactures products for Pactiv Foodservice. In addition, Pactiv Foodservice manufactures products for Reynolds Consumer Products at 19 of its facilities.

## *Raw Materials and Suppliers*

Reynolds Consumer Products' principal raw materials include plastic resins, mainly PE and PS, and aluminum. In 2018, the total value of raw materials consumed by Reynolds Consumer Products was \$1,489 million and represented 66% of the segment's total cost of sales, excluding depreciation and amortization. Plastic resins accounted for 43% of raw material costs for the year, while aluminum and other metal-related components collectively accounted for 23%. Reynolds Consumer Products' other raw materials include products purchased and resold as well as paper, corrugated carton and cases. Reynolds Consumer Products is sensitive to price movements of raw materials, mainly resin and aluminum, and to energy-related cost movements, particularly those that affect transportation and utility costs. Aluminum prices have been historically volatile as aluminum is a cyclical commodity with prices subject to global market factors. Resin prices have also historically fluctuated with fluctuations in crude oil and natural gas prices, as well as changes in refining capacity and the demand for other petroleum-based products. To minimize the impact of price fluctuations, Reynolds Consumer Products enters into hedging agreements for some resin and aluminum purchases. Reynolds Consumer Products also enters into hedging agreements at the request of certain customers who want to mitigate the risk of changes in raw material costs in their purchase pricing.



Centralized purchasing enables Reynolds Consumer Products to leverage the global purchasing power of its operations and reduces its dependence on any one supplier. Reynolds Consumer Products sources its raw materials from a variety of suppliers and maintains multiple suppliers for each input. Reynolds Consumer Products typically has one-year contracts with resin suppliers and multi-year contracts with aluminum suppliers, which has historically provided Reynolds Consumer Products with a steady supply of raw materials. Reynolds Consumer Products has not historically experienced any significant interruptions of key raw material supplies. We believe Reynolds Consumer Products' relationships with its suppliers are satisfactory.

#### *Quality Management*

Reynolds Consumer Products' research and development resources primarily facilitate branded innovation and support store brand growth. Reynolds Consumer Products also has continuous improvement programs focused on cost reduction and productivity improvements and existing programs in lean manufacturing systems that allow for better inventory management. Reynolds Consumer Products' store branded products are subject to a high degree of quality control and many have "national brand equivalent" certification from third parties. Reynolds Consumer Products' integrated aluminum foil production is also designed to achieve the highest degree of product safety through its disciplined control of aluminum ingot grade and retail traceability of products. Supplier controls that are in place throughout Reynolds Consumer Products' facilities require product and process controls, a safe and healthy work environment, environmental compliance and product safety. Reynolds Consumer Products reviews its facilities at least annually for full compliance, and appropriate remediation procedures are taken if necessary.

#### *Intellectual Property*

Reynolds Consumer Products has a significant number of registered patents and registered trademarks, including Reynolds® and Hefty®, as well as several copyrights, which, along with trade secrets and manufacturing know-how, help support its ability to add value within the market and sustain its competitive advantages. Reynolds Consumer Products has invested a considerable amount of resources in developing proprietary products and manufacturing capabilities, and it employs various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants, to protect its intellectual property. While in the aggregate Reynolds Consumer Products' patents are of material importance to Reynolds Consumer Products' business, Reynolds Consumer Products believes that its business is not dependent upon any single patent or group of patents.

Other than licenses for commercially available software, Reynolds Consumer Products does not believe that any of its licenses from third parties are material to its business taken as a whole. Reynolds Consumer Products does not believe that any of its licenses to intellectual property rights granted to third parties are material to its business taken as a whole.

#### *New Product Development*

New product innovation is an important component of Reynolds Consumer Products' business strategy. Reynolds Consumer Products and Pactiv Foodservice operate a research and development center for new materials technology in Canandaigua, New York, and a customer innovation center in Bedford Park, Illinois.

Over the years, Reynolds Consumer Products has focused on developing innovative products that address consumers' unmet needs, as well as developing products that replace or upgrade existing items. Reynolds Consumer Products has a strong history of adding innovative features to its products, such as the slider closure on food storage bags, the "gripper" feature on waste bags, an unscented odor block feature to waste bags and the non-stick coating added to the foil in its Reynolds Wrap non-stick product line.

Research and development costs were \$14 million, \$13 million and \$13 million for the years ended December 31, 2018, 2017 and 2016, respectively.

#### *Employees*

As of December 31, 2018, Reynolds Consumer Products employed approximately 4,500 people located primarily in its U.S. and Canada manufacturing facilities. Approximately 29% of Reynolds Consumer Products' employees are covered by collective labor agreements. Reynolds Consumer Products has not experienced any significant union-related work stoppages over the last 10 years. We believe Reynolds Consumer Products' relationships with its employees and labor unions are satisfactory.

#### *Regulatory*

As many of Reynolds Consumer Products' products are used in food and beverage packaging, Reynolds Consumer Products' business is subject to regulations governing products that may contact food in virtually every country where it has operations. Future regulatory and legislative change can affect the economics of Reynolds Consumer Products' business activities, lead to changes in operating practices, affect its customers and influence the demand for and the cost of providing products and services to its customers. Reynolds Consumer Products has implemented compliance programs and procedures designed to achieve compliance with applicable laws and regulations, and believes these programs and procedures are generally effective. However, because of the complexity of these laws and regulations and the global scope of Reynolds Consumer Products' business, compliance cannot be guaranteed.

Reynolds Consumer Products is subject to environmental, health and safety laws and regulations in the jurisdictions in which it operates. Among other things, these requirements regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of Reynolds Consumer Products' employees, regulate the materials used in and the recycling of products and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances, including releases by prior owners or operators of Reynolds Consumer Products' locations and releases at sites formerly owned or operated by Reynolds Consumer Products. Many of Reynolds Consumer Products' manufacturing facilities require environmental permits, such as those limiting air emissions. Compliance with these permits can require capital investment and, in some cases, could limit production.

Moreover, as environmental issues, such as climate change, have become more prevalent, governments have responded, and are expected to continue to respond, with increased legislation and regulation, which could negatively affect Reynolds Consumer Products. For example, the United States Congress has considered legislation to reduce emissions of greenhouse gases. In addition, the EPA is regulating certain greenhouse gas emissions under existing laws such as the Clean Air Act. These initiatives may cause Reynolds Consumer Products to incur additional direct costs in complying with any new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from Reynolds Consumer Products' suppliers, customers, or both incurring additional compliance costs that could get passed through to Reynolds Consumer Products or impact product demand.

#### *Legal Proceedings*

Reynolds Consumer Products is a party to various litigation matters arising in the ordinary course of business. We cannot estimate with certainty the ultimate legal and financial liability with respect to these litigation matters but believe, based on examination of these matters, experience to date and discussions with counsel, that any ultimate liability will not be material to Reynolds Consumer Products' financial position, results of operations or cash flows.

#### *Pactiv Foodservice*

Pactiv Foodservice is a leading manufacturer of various foodservice and food packaging products serving the foodservice industry, which includes food processors, restaurants and supermarkets. Pactiv Foodservice offers a comprehensive range of products including tableware items, clear plastic containers, foam containers, paperboard containers, aluminum containers, microwaveable containers, clear rigid-display packaging, molded fiber and PET egg cartons, foamed and rigid trays, absorbent tray pads and plastic film. Pactiv Foodservice has a large customer base and operates primarily in North America. The following table shows total segment revenue by geographic region for Pactiv Foodservice for each of the years ended December 31, 2018, 2017 and 2016:

(In \$ million)	Revenue by geographic region		
	2018	2017	2016
United States	3,396	3,299	3,287
Remaining North American Region	354	345	321
Europe	1	57	110
Other	27	28	30
<b>Total</b>	<b>3,778</b>	<b>3,729</b>	<b>3,748</b>

#### *History*

Our Pactiv Foodservice business is primarily the result of combining the Reynolds foodservice business and the Pactiv foodservice/food packaging business. Reynolds Metals Company was founded in 1919 as the U.S. Foil Company. In 2000, Reynolds Metals Company was acquired by Alcoa. In 2002, Alcoa acquired Ivex Packaging Corporation, which broadened the presence of the Reynolds foodservice packaging business in the foodservice packaging industry. In 2008, the Reynolds foodservice business was acquired indirectly by Mr. Graeme Hart, our strategic owner.

Pactiv's foodservice/food packaging business was originally part of Packaging Corporation of America ("PCA"), which was acquired by Tenneco Inc. in 1965. PCA manufactured paperboard and various paperboard products as well as certain plastic and aluminum food packaging products. In 1995, PCA was renamed Tenneco Packaging Inc. and acquired Mobil Plastics Company and in 1996 acquired Amoco Foam Products Company, which significantly expanded its foodservice offering. In April 1999, Tenneco Packaging Inc. sold its paperboard business and in November 1999 Tenneco Packaging Inc. (which was renamed Pactiv Corporation) was spun-off to Tenneco Inc.'s stockholders. Pactiv has made various acquisitions, including Prairie Packaging Inc. in 2007 and PWP Industries Inc. (which was renamed Pactiv Packaging Inc.) in 2010. In November 2010, we acquired Pactiv, and have since integrated our Reynolds foodservice packaging and Pactiv foodservice packaging businesses to form our Pactiv Foodservice segment. In May 2011, we acquired Dopaco Inc. and Dopaco Canada, Inc., and have subsequently acquired and sold various smaller businesses.

#### *Products*

Pactiv Foodservice is a leading manufacturer of various foodservice and food packaging products to the foodservice, food packaging and retail food markets. Pactiv Foodservice's products are designed to protect food during distribution, aid retailers and food processors in merchandising food products and help customers prepare and serve meals in their homes. Pactiv Foodservice has a very broad portfolio of products with a continual emphasis on adding new product lines. Products designed for the foodservice market include tableware items, such as plates, bowls, cups, cutlery and straws, as well as clear plastic containers, microwaveable plastic containers, foam containers, paperboard containers and aluminum containers. Products designed for the food packaging market include foamed and rigid trays, rigid trays for fresh and frozen applications, rigid and fiber berry baskets, clear display packaging, molded fiber cartons, PET egg cartons, aluminum containers and absorbent tray pads. Products designed for the retail market include clear rigid-display packaging for delicatessen and bakery applications, microwaveable containers for prepared, ready-to-eat meals, and foam trays and absorbent tray pads for meat and poultry. Products are manufactured using plastic resins, paperboard, aluminum and molded fiber. In addition, Pactiv Foodservice also sells plastic sheet to thermoformers made with various resins such as PET, PS and PP.

#### *Customers*

Pactiv Foodservice's customer base includes international companies, large national and regional customers and smaller local businesses, with its largest presence in North America. Pactiv Foodservice's customers include foodservice distributors, quick service restaurants, food processors, supermarket distributors and supermarkets. Pactiv Foodservice also manufactures most of Reynolds Consumer Products' tableware products. In 2018, Pactiv Foodservice's top ten customers accounted for 55% of the segment's total revenue, with two customers accounting for 13% and 11% of the segment's total revenue, one of which was Reynolds Consumer Products.

Pactiv Foodservice generally sells its products on either a purchase order basis or under formal supply agreements with durations ranging from one to three years. A majority of Pactiv Foodservice's revenue is from supply agreements with raw material cost pass-through mechanisms, with the remainder from open market sales.

### *Competition*

The U.S. foodservice, food packaging and retail markets are relatively mature but also relatively fragmented, with Pactiv Foodservice being one of a few participants with a product range that spans a significant portion of foodservice product categories. These competitors include Dart Container Corporation, Berry Plastics Group, Inc. and Genpak LP. Our competitors in the U.S. markets include large companies that offer several competing products and a range of smaller competitors with only single product offerings. These competitive pressures may adversely affect Pactiv Foodservice's business and financial performance. Pactiv Foodservice primarily competes on the basis of breadth of product offerings, price, product features, performance, speed to market, distribution capabilities and product innovation.

### *Marketing and Sales*

Pactiv Foodservice primarily uses a direct sales force to sell to foodservice, food packaging and retail customers and also utilizes third-party brokers for selected products and accounts. Pactiv Foodservice's marketing and sales effort is premised on the "One Face to the Customer" value proposition which uses one sales representative per account to produce one order which is supported by one customer service representative that is responsible for one shipment with one invoice. In addition to the sales professionals, the sales organization includes customer service representatives, marketing teams and an internal logistics and transportation team.

### *Seasonality*

Pactiv Foodservice's operations are moderately seasonal, peaking during the summer and fall months in the Northern Hemisphere when the favorable weather, harvest and holiday season lead to increased consumption of foodservice and food packaging products. Pactiv Foodservice therefore typically experiences a greater level of sales in the second through fourth quarters.

### *Manufacturing*

Pactiv Foodservice operates 39 manufacturing plants in North America and has one majority-owned joint venture in China. At 19 of its facilities, Pactiv Foodservice also manufactures products for Reynolds Consumer Products. In addition, seven facilities operated by Reynolds Consumer Products manufacture products for Pactiv Foodservice. Pactiv Foodservice also operates several distribution facilities in the United States. Pactiv Foodservice's manufacturing plants are grouped based upon the three markets the business primarily services: foodservice; food packaging; and retail. Each manufacturing plant is managed by a manufacturing director. The directors have responsibility for all plants that produce a specific process. The structure is integral to a disciplined and lean operating system that provides consistent operating practices and metrics across all locations.

Pactiv Foodservice utilizes a variety of production processes, including paperboard processing, injection molding, thermoforming and extrusion. A focus on continuous improvement, lean manufacturing system initiatives and teamwork has resulted in better customer service measured by case fill, on-time delivery and quality performance metrics.

Pactiv Foodservice utilizes two distribution models. Direct distribution, primarily for processors and supermarkets, sends products straight from the factory to the customer. The second distribution model is based around five regional mixing centers. These two distribution models yield significant cost savings for Pactiv Foodservice which are shared with customers.

### *Raw Materials and Suppliers*

Pactiv Foodservice's principal raw materials include plastic resins, paperboard and aluminum. In 2018, the total value of raw materials consumed by Pactiv Foodservice was \$1,852 million and represented 61% of the segment's total cost of sales, excluding depreciation and amortization. Plastic resins accounted for 73% of raw material costs for the year, while paperboard, aluminum and other raw materials collectively accounted for 27%.

The prices of Pactiv Foodservice's raw materials fluctuate with market movements in commodity prices. Resin prices can fluctuate significantly with fluctuations in crude oil and natural gas prices, as well as changes in refining capacity and the demand for other petroleum-based products. The price of cartonboard may fluctuate widely due to external conditions such as weather, product scarcity, currency and commodity market fluctuations and changes in governmental policies and regulations. Aluminum prices have been historically volatile as aluminum is a cyclical commodity with prices subject to global market factors. These factors include speculative activities by market participants, production capacity, strength or weakness in key end-markets such as housing and transportation, political and economic conditions and manufacturing costs in major production regions. Pactiv Foodservice's aluminum product offerings are manufactured by Reynolds Consumer Products. To minimize the impact of price fluctuations, Pactiv Foodservice enters into hedging agreements for certain raw materials. Pactiv Foodservice is also sensitive to other energy-related cost movements, in particular, those that affect transportation and utility costs.

We believe that Pactiv Foodservice's relationships with its suppliers are satisfactory. Centralized purchasing enables Pactiv Foodservice to leverage its purchasing power for core raw materials and reduces its dependence on any one supplier. Pactiv Foodservice sources its raw materials from a variety of suppliers and maintains multiple suppliers for each input. Pactiv Foodservice typically has contracts with resin suppliers, which have historically provided Pactiv Foodservice with a steady supply of raw materials. Pactiv Foodservice has also undertaken programs to consolidate its supplier base and achieve savings by taking advantage of the economies of scale afforded by its increased purchasing volume. Pactiv Foodservice has not historically experienced any significant interruptions of key raw material supplies. Pactiv Foodservice has continuous improvement programs focused on cost reduction and productivity improvements. Existing programs in lean manufacturing allow for better inventory management. In addition, Pactiv Foodservice's scale and knowledge of the resin market contribute to efficient raw materials management.





## *Quality Management*

Pactiv Foodservice is committed to a quality management philosophy that aims to achieve continuous improvement in all stages of the production process through the involvement of management, customers and employees. Pactiv Foodservice uses a stringent technique of hazard analysis and critical control points to identify critical aspects of quality management as well as methods and tools to identify key areas for improvement that result in a reduction of waste and downtime at its facilities.

## *Intellectual Property*

Pactiv Foodservice has a significant number of registered patents and registered trademarks which, along with trade secrets and manufacturing know-how, help support Pactiv Foodservice's ability to add value within the market and sustain its competitive advantages. Pactiv Foodservice has invested a considerable amount of resources in developing its proprietary products and manufacturing capabilities, and it employs various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants, to protect its intellectual property. Pactiv Foodservice uses internal and external resources to manage its intellectual property portfolio. In addition, where appropriate, the business defends its intellectual property rights throughout the world. We believe that the intellectual property and licensing rights held are adequate for the business. While in the aggregate Pactiv Foodservice's patents are of material importance to Pactiv Foodservice's business, Pactiv Foodservice believes that its business is not dependent upon any single patent or group of patents.

Other than licenses for commercially available software, Pactiv Foodservice does not believe that any of its licenses from third parties are material to its business taken as a whole. Pactiv Foodservice does not believe that any of its licenses to intellectual property rights granted to third parties are material to its business taken as a whole.

## *New Product Development*

Pactiv Foodservice has two research and development facilities. Pactiv Foodservice and Reynolds Consumer Products operate a research and development center for new materials technology in Canandaigua, New York, and a customer innovation center in Bedford Park, Illinois. These facilities support and accommodate the full range of research, formulation, design and testing requirements related to customer-driven applications, including design studios, analytical and quality test laboratories, pilot operations for new materials and technology development, test kitchens, rapid prototyping modules and a commercial tooling fabrication operation.

Research and development costs were \$19 million, \$16 million and \$18 million for the years ended December 31, 2018, 2017 and 2016, respectively.

## *Employees*

As of December 31, 2018, Pactiv Foodservice employed approximately 11,000 people located primarily in its U.S. manufacturing facilities. Approximately 21% of Pactiv Foodservice's employees are covered by collective labor agreements. Pactiv Foodservice has not experienced any significant union-related work stoppages over the last eight years. We believe Pactiv Foodservice's relationships with its employees and labor unions are satisfactory.

## *Regulatory*

As Pactiv Foodservice's products are used in food and beverage packaging, Pactiv Foodservice's business is subject to regulations governing products that may contact food in virtually every country where it has operations. Future regulatory and legislative change can affect the economics of Pactiv Foodservice's business activities, lead to changes in operating practices, affect its customers and influence the demand for and the cost of providing products and services to its customers. Pactiv Foodservice has implemented compliance programs and procedures designed to achieve compliance with applicable laws and regulations, and believes these programs and procedures are generally effective. However, because of the complexity of these laws and regulations and the global scope of Pactiv Foodservice's business, compliance cannot be guaranteed.

Pactiv Foodservice is subject to environmental, health and safety laws and regulations in the jurisdictions in which it operates. Among other things, these requirements regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of Pactiv Foodservice's employees, regulate the materials used in and the recycling of products and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances, including releases by prior owners or operators of Pactiv Foodservice's locations and releases at sites formerly owned or operated by Pactiv Foodservice. These laws also regulate, and in certain instances ban, products that may be deemed harmful to the environment. Many of Pactiv Foodservice's manufacturing facilities require environmental permits, such as those limiting air emissions. Compliance with these permits can require capital investment and, in some cases, could limit production.

Moreover, as environmental issues, such as climate change, have become more prevalent, federal, state and local governments, as well as foreign governments, have responded, and are expected to continue to respond, with increased legislation and regulation, which could negatively affect Pactiv Foodservice. For example, the United States Congress has considered legislation to reduce emissions of greenhouse gases. In addition, the EPA is regulating certain greenhouse gas emissions under existing laws such as the Clean Air Act. These and other foreign, federal and state climate change initiatives may cause Pactiv Foodservice to incur additional direct costs in complying with new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from Pactiv Foodservice's suppliers, customers or both incurring additional compliance costs that could get passed through to Pactiv Foodservice or impact product demand.

## *Legal Proceedings*

Pactiv Foodservice is a party to various litigation matters arising in the ordinary course of business. We cannot estimate with certainty the ultimate legal and financial liability with respect to these litigation matters but believe, based on examination of these matters, experience to date and discussions with counsel, that any ultimate liability will not be material to Pactiv Foodservice's financial position, results of operations or cash flows.



## Graham Packaging

Graham Packaging is a leading designer and manufacturer of value-added, custom blow-molded plastic containers for branded consumer products. Graham Packaging focuses on product categories where customers and end-users value the technology and innovation that Graham Packaging's custom plastic containers offer as an alternative to traditional packaging materials such as glass, metal and paperboard. Graham Packaging has a large global customer base with its largest presence in North America. The following tables show total segment revenue by product group and revenue by geographic region for Graham Packaging for each of the years ended December 31, 2018, 2017 and 2016:

(In \$ million)	Revenue by product group		
	2018	2017	2016
Food and beverage plastic containers	1,443	1,487	1,541
All other plastic containers	644	660	682
<b>Total</b>	<b>2,087</b>	<b>2,147</b>	<b>2,223</b>

(In \$ million)	Revenue by geographic region		
	2018	2017	2016
United States	1,787	1,790	1,839
Remaining North American Region	105	116	123
Europe	136	155	169
South America	54	57	57
Other	5	29	35
<b>Total</b>	<b>2,087</b>	<b>2,147</b>	<b>2,223</b>

## History

Graham Packaging was formed in the mid-1970s as a regional domestic custom plastic container supplier. In October 2004, Graham Packaging acquired the blow-molded plastic container business of Owens-Illinois, Inc., which essentially doubled Graham Packaging's size. In September 2010, Graham Packaging acquired Liquid Container, L.P., a manufacturer of blow-molded plastic containers that primarily services the food and household product categories. In September 2011, we acquired Graham Packaging.

## Products

Graham Packaging's strategy is to develop new, innovative packaging to meet the design and performance requirements of its customers. Graham Packaging supplies custom blow-molded plastic containers to a significant number of end-markets and geographic regions. Graham Packaging's product portfolio consists primarily of containers for food and beverage, such as for sports drinks/isotonics, yogurt drinks, nutritional beverages, shelf-stable, refrigerated and frozen juices and non-carbonated juice drinks, teas, snacks, vitamin enhanced waters, liquor, beer, toppings, sauces, jellies and jams. Graham Packaging's product portfolio also includes containers for automotive lubricants, detergents, household cleaners, liquid fabric care, hair care, skin care and dish care.

## Customers

Substantially all of Graham Packaging's sales are to major branded consumer products companies. Major customers are under multi-year contracts. These include customers for which Graham Packaging's products are manufactured at a dedicated production facility nearby or inside the customer's production facility, as well as products manufactured at Graham Packaging's stand-alone facilities which produce packaging for several customers. Graham Packaging's supply contracts with its customers for on-site production typically have terms of up to ten years, while its supply contracts for production off-site typically have terms that range from two to five years. Both of these categories of contracts often either renew automatically for subsequent one year terms or are renegotiated by Graham Packaging before expiration of the initial term. Graham Packaging's contracts typically contain provisions allowing for price adjustments based on changes in raw material prices and, in a majority of cases, the cost of energy and labor, among other factors. Graham Packaging is often the sole supplier of its customers' custom plastic container requirements nationally, regionally or for a specific brand. In 2018, Graham Packaging's top ten customers accounted for 50% of the segment's total revenue, with one customer accounting for 10% of the segment's total revenue.

## Competition

Graham Packaging has a significant market share in rigid blow-molded plastic containers in North America but faces increasing competition in that market. These competitors include Plastipak Packaging, Inc., Amcor Limited, ALPLA and Consolidated Container Company, LLC and Logoplaste. Graham Packaging faces competition from a number of well-established regional and international businesses across several of its product categories. Competition is based on several factors including price, product design, technology (such as barrier protection and lightweighting) and customer service. While several key competitors to Graham Packaging are positioned to provide a broader array of packaging solutions beyond rigid plastic containers, including flexible packaging and/or non-plastic solutions, Graham Packaging competes by striving to provide superior levels of service, speed to market and product design and development capabilities. Although Graham Packaging has been able over time to partially offset pricing pressures by reducing its cost structure and making the manufacturing process more efficient, it may not be able to continue to do so in the future. These competitive pressures may adversely affect Graham Packaging's business and financial performance.



## *Marketing and Sales*

Graham Packaging's sales are made primarily through its direct sales force, as well as selected brokers. Sales activities are conducted from Graham Packaging's regional headquarters in Lancaster, Pennsylvania and from field sales offices located in North America, Europe, South America and Asia. Graham Packaging's products are typically delivered by truck, on a daily basis, in order to meet customers' just-in-time delivery requirements, except in the case of on-site operations. In many cases, Graham Packaging's on-site operations are integrated with its customers' manufacturing operations so that deliveries are made, as needed, by direct conveyance to the customers' filling lines.

## *Seasonality*

Graham Packaging's operations are slightly seasonal with higher levels of unit volume sales of bottled beverages during the summer months, most significantly in North America.

## *Manufacturing*

A critical component of Graham Packaging's strategy is to locate manufacturing facilities on-site, when practical, reducing expensive shipping and handling charges, providing instantaneous quality acceptance feedback and increasing distribution efficiencies. Graham Packaging has 72 manufacturing facilities of which approximately one-third are located on-site at its customers' plants. Graham Packaging operates 60 plants in North America, seven in Europe, four in South America and one in Asia.

Graham Packaging utilizes a variety of production processes, including blow molding and injection molding. We believe that the blow molders and injection molders used by Graham Packaging are widely recognized as the leading technologies for high speed production of cold-fill, hot-fill, pasteurized and retorted rigid packaging using PET and other plastic resins, offering both mono- and multi-layer solutions. Graham Packaging also operates a variety of bottle labeling and decorating platforms, which is accomplished through in-mold techniques or post-molding methods.

## *Raw Materials and Suppliers*

Resins constitute the primary raw materials used to make Graham Packaging's products. These materials are available from a number of domestic and international suppliers, and Graham Packaging is not dependent upon any single supplier. In 2018, the total value of raw materials consumed by Graham Packaging was \$955 million and represented 58% of Graham Packaging's total cost of sales, excluding depreciation and amortization.

Typically, Graham Packaging does not enter into long-term supply agreements with its suppliers. Graham Packaging considers the supply and availability of raw materials to be adequate to meet its needs. Resin prices can fluctuate significantly with fluctuations in crude oil and natural gas prices, as well as changes in refining capacity and the demand for other petroleum-based products. We believe Graham Packaging's relationships with its suppliers are satisfactory.

## *Quality Management*

Graham Packaging maintains quality assurance and control programs with respect to the performance of the products it manufactures, the performance of its suppliers and the compliance of its operations with its quality management system and sound manufacturing practices. Graham Packaging's production lines are equipped with specific quality control inspection equipment and its employees continuously monitor product attributes and performance through a comprehensive statistical process control system. Quality control laboratories are maintained at each manufacturing facility to test its products and validate their compliance with customer requirements. Graham Packaging continuously monitors and enhances its quality assurance and control programs to keep pace with the most current technologies and to meet and exceed customer expectations.

## *Intellectual Property*

Graham Packaging holds a significant number of trademarks and a substantial number of issued or pending patents. While in the aggregate the patents are of material importance to its business, Graham Packaging believes that its business is not dependent upon any one single patent, group of patents or trademark. Graham Packaging also relies on unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain its competitive position. Third parties could, however, obtain knowledge of this proprietary know-how through independent development, reverse engineering or other unauthorized access.

In addition to its own patents and proprietary know-how, Graham Packaging is a party to licensing arrangements and other agreements authorizing it to use other proprietary processes, know-how and related technology and/or to operate within the scope of certain patents owned by other entities. In some cases, the licenses granted to Graham Packaging are perpetual and in other cases, the term of the license is related to the life of the patent associated with the license. Graham Packaging also has licensed some of its intellectual property rights to third parties. Other than licenses for commercially available software, Graham Packaging does not believe that any of its licenses with third parties are material to its business taken as a whole.

## *New Product Development*

Graham Packaging's Global Innovation & Design Center in York, Pennsylvania supports all new product development and R&D innovations. The Innovation & Design Center is provided for customers to support their product development needs and to give them access to the knowledge and experience of the Center's design and technical teams, including technical resources for industrial design, design engineering, prototype tooling, bottle sampling, lab evaluations, material analysis and customer training. Graham Packaging incurs costs to research, design and develop new packaging products and technologies. Such costs, net of any reimbursement from customers, were \$6 million, \$7 million and \$6 million for the years ended December 31, 2018, 2017 and 2016, respectively.

## Employees

As of December 31, 2018, Graham Packaging employed approximately 5,800 people. Approximately 21% of Graham Packaging's employees are covered by collective labor agreements. Graham Packaging has not experienced any significant union-related work stoppages over the last 30 years. We believe Graham Packaging's relationships with its employees and labor unions are satisfactory.

## Regulatory

As Graham Packaging's products are used in food and beverage packaging, Graham Packaging's business is subject to regulations governing products that may contact food in virtually every country where it has operations. Future regulatory and legislative change can affect the economics of Graham Packaging's business activities, lead to changes in operating practices, affect its customers and influence the demand for and the cost of providing products and services to its customers. Graham Packaging has implemented compliance programs and procedures designed to achieve compliance with applicable laws and regulations, and believes these programs and procedures are generally effective. However, because of the complexity of these laws and regulations and the global scope of Graham Packaging's business, compliance cannot be guaranteed.

Graham Packaging is subject to environmental, health and safety laws and regulations in the jurisdictions in which it operates. Among other things, these requirements regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of Graham Packaging's employees, regulate the materials used in and the recycling of products and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances, including releases by prior owners or operators of Graham Packaging's locations and releases at sites formerly owned or operated by Graham Packaging. These laws also regulate, and in certain instances ban, products that may be deemed harmful to the environment. Many of Graham Packaging's manufacturing facilities require environmental permits, such as those limiting air emissions. Compliance with these permits can require capital investment and, in some cases, could limit production.

Moreover, as environmental issues, such as climate change, have become more prevalent, governments have responded, and are expected to continue to respond, with increased legislation and regulation, which could negatively affect Graham Packaging. For example, the United States Congress has considered legislation to reduce emissions of greenhouse gases. In addition, the EPA is regulating certain greenhouse gas emissions under existing laws such as the Clean Air Act. These initiatives may cause Graham Packaging to incur additional direct costs in complying with any new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from Graham Packaging's suppliers, customers, or both incurring additional compliance costs that could get passed through to Graham Packaging or impact product demand.

A number of governmental authorities, both in the United States and abroad, have considered, are expected to consider or have passed legislation aimed at reducing the amount of disposed plastic wastes. Those programs have included, for example, mandating certain rates of recycling and/or the use of recycled materials, imposing deposits or taxes on plastic packaging material and/or requiring retailers or manufacturers to take back packaging used for their products. That legislation, as well as voluntary initiatives similarly aimed at reducing the level of plastic wastes, could reduce the demand for certain plastic packaging, result in greater costs for plastic packaging manufacturers or otherwise impact Graham Packaging's business. Some consumer products companies, including some of Graham Packaging's customers, have responded to these governmental initiatives and to perceived environmental concerns of consumers by using containers made in whole or in part of recycled plastic. Graham Packaging operates a large HDPE recycling plant in York, Pennsylvania. To date, Graham Packaging has not been materially adversely affected by these initiatives and developments.

## Legal Proceedings

Graham Packaging is a party to various litigation matters arising in the ordinary course of business. We cannot estimate with certainty the ultimate legal and financial liability with respect to these litigation matters but believe, based on examination of these matters, experience to date and discussions with counsel, that any ultimate liability will not be material to Graham Packaging's financial position, results of operations or cash flows.

## Evergreen

Evergreen is a vertically integrated, leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk markets. Fresh carton packaging, most predominant in North America, is primarily used for beverages that require a cold-chain distribution system. Evergreen supplies integrated fresh carton packaging systems, which can include fresh cartons, spouts and filling machines. Evergreen produces liquid packaging board for its internal requirements and to sell to other fresh beverage carton manufacturers. Evergreen also produces paper products, including coated groundwood primarily for catalogs, inserts, magazine and commercial printing, and uncoated freesheet primarily for envelope, specialty and offset printing paper. Evergreen has a large customer base and operates primarily in North America. The following tables show total segment revenue by product group and revenue by geographic region for Evergreen for each of the years ended December 31, 2018, 2017 and 2016:

(In \$ million)	Revenue by product group		
	2018	2017	2016
Carton packaging	799	774	809
Liquid packaging board	438	453	414
Paper products	366	335	357
<b>Total</b>	<b>1,603</b>	<b>1,562</b>	<b>1,580</b>

(In \$ million)	Revenue by geographic region		
	2018	2017	2016
United States	1,401	1,372	1,393
Asia	167	155	149
Other	35	35	38
<b>Total</b>	<b>1,603</b>	<b>1,562</b>	<b>1,580</b>

### *History*

Evergreen's predecessor was established in 1946 when International Paper Company ("IP") entered the beverage packaging business by acquiring Single Service, Inc. Over the years, the business was responsible for many breakthroughs in beverage carton packaging, including the introduction of PE coated cartons and barrier board technology. IP's beverage packaging business included fresh beverage converting facilities, a fresh filling machine manufacturing facility and the Pine Bluff, Arkansas mill. In January 2007, IP's beverage packaging business was acquired indirectly by Mr. Graeme Hart, our strategic owner, and renamed Evergreen. In July 2007, Evergreen acquired Blue Ridge Paper Products, Inc., an independent manufacturer of beverage packaging products. The Blue Ridge business included fresh beverage converting facilities and the Canton, North Carolina mill.

### *Products*

Evergreen employs a business model that we refer to as "Total Packaging Solution," which is based on providing Evergreen's customers with a single source for all of their fresh beverage carton packaging requirements. Fresh carton sleeves can be used with Evergreen's fresh filling machines, as well as other fresh filling machines. Carton packaging sales represented 50% of Evergreen's revenue in 2018 and are sold under multi-year and shorter term contracts.

#### *Carton Packaging*

Evergreen produces and sells fresh carton sleeves and supplies spouts, caps and closures. During the filling process, the sleeve is opened, sealed at the base, filled with the beverage products and then sealed at the top of the carton. Fresh carton sleeves can be used for a variety of beverages including liquid dairy drinks, such as regular and flavored milk, and non-carbonated soft drinks, such as fresh juice, fruit-based drinks and iced tea. Fresh cartons are also used for food items, such as liquid eggs, and for non-food items, such as liquid detergents and softeners.

Evergreen has developed a variety of packaging solutions to help beverage manufacturers differentiate their products and generate stronger brand recognition. The application of high-definition, multi-color, printed designs to the cartons gives customers the ability to differentiate their products. Furthermore, Evergreen's barrier board technology allows its customers to achieve longer shelf life for their products as well as protect against the loss of vitamins and other nutrients.

Evergreen's fresh filling machines use fresh carton sleeves to produce and fill fresh carton packaging. Evergreen offers its customers a variety of filling machine models with different capabilities, which can be reconfigured for different package volumes, providing its customers with flexibility in their manufacturing processes. Evergreen's fresh filling machines may be sold directly to customers or sold to a third-party finance company, which then leases the filling machines to customers.

#### *Liquid Packaging Board*

The production of liquid packaging board at Evergreen's mills in Pine Bluff, Arkansas and Canton, North Carolina allows Evergreen to be a vertically integrated producer of fresh cartons. Evergreen's Pine Bluff and Canton mills produce multiple grades of liquid packaging board, both PE coated and uncoated, for fresh cartons. Evergreen's liquid packaging board products can be broadly grouped into three categories: PE coated liquid packaging board; PE coated / co-extruded liquid packaging board (also known as barrier board); and uncoated liquid packaging board. In addition, Evergreen's mill in Canton produces cupstock for the manufacture of hot and cold cups as well as ovenable trays for the frozen food market as an alternative to plastic trays.

#### *Paper Products*

Evergreen also offers a range of paper products, including coated groundwood, which is used in catalogs, inserts, magazine and commercial printing, and uncoated freesheet primarily for envelope, specialty and offset printing paper.

### *Customers*

Evergreen's customer base includes international companies, large national and regional customers and smaller local businesses, with its largest presence in North America. Many of Evergreen's customer sales contracts are index-based, allowing for the pass-through of input cost movements on a quarterly to annual basis. In 2018, Evergreen's top ten customers accounted for 36% of the segment's total revenue, and no single customer accounted for more than 10% of the segment's total revenue.

The Pine Bluff and Canton mills' aggregate liquid packaging board production is used by Evergreen's fresh carton packaging business and is also sold to external fresh carton converting customers, with whom Evergreen generally has long-standing relationships. In addition, Evergreen sells liquid packaging board to Pactiv Foodservice and other customers, who produce ovenable trays and cupstock.

Evergreen's coated groundwood customers consist primarily of catalog and magazine publishers. Evergreen's uncoated freesheet customers consist primarily of envelope converters, specialty paper producers and commercial printers. Evergreen sells both directly and through paper brokers in the coated groundwood and uncoated freesheet markets.





## *Competition*

Evergreen operates primarily in markets with a limited number of key global competitors. These competitors include Tetra Pak International S.A., Domtar Corporation, Catalyst Paper Corporation, Stora Enso Oyj and Elopak. The fresh carton market is fairly consolidated. We believe Evergreen is the only major market participant that provides vertically integrated liquid packaging board as well as complete fresh carton packaging systems consisting of cartons, filling machines and spouts. We believe Evergreen is the largest participant in the fresh carton packaging market measured by volume based on our analysis of industry data.

We believe Evergreen is the largest producer of liquid packaging board for fresh cartons based on our analysis of industry data. Evergreen is a relatively small producer of coated groundwood within a concentrated North American coated papers market. Evergreen is also a small producer of uncoated freesheet within a concentrated market. Evergreen also competes in the cupstock and ovenable packaging board markets.

Changes within the paper industry have occurred and may continue to occur that may adversely affect Evergreen's business and financial performance. These changes include the consolidation of producers of products that compete with us, consolidation within the distribution channels for our products, and the reduced demand for end-products made from some of our products, including magazines, catalogs and envelopes.

## *Marketing and Sales*

Evergreen's sales and marketing staff coordinates and performs all customer interaction activities, including sales, marketing and technical services. Evergreen reaches its large and diversified customer base primarily through a direct field sales force.

Evergreen's customer service representatives are responsible for processing sales orders, expediting production and liaising with customers on order status. Machine service technicians, paper technicians and field service engineers work closely with key account managers to satisfy customers' needs.

Evergreen has a marketing and new product development team focused on leveraging its Total Packaging Solution model and creating new, value-added products in current and adjacent markets.

## *Seasonality*

Evergreen's operations are moderately seasonal. Evergreen's customers are principally engaged in providing products that are generally less sensitive to seasonal effects, although Evergreen does experience some seasonality as a result of increased consumption of milk by school children during the North American academic year. Evergreen therefore typically experiences a greater level of carton product sales in the first and fourth quarters when North American schools are in session.

## *Manufacturing*

Evergreen operates two integrated pulp and paper mills in North America and ten sleeve production plants globally, including six in the United States, three in East Asia and one in Central America. Evergreen also jointly controls three joint ventures in the Middle East/North Africa. Evergreen's manufacturing operations primarily consist of production of paper and packaging cartonboard, manufacturing and assembly of filling machines and parts and production of fresh carton sleeves that are used with Evergreen's machines to create fresh carton containers for its customers' beverage products. Fresh carton sleeves are also shipped to Evergreen's customers for filling.

Evergreen's mills are vertically integrated pulp and paper manufacturing facilities that have their own power generation plant, bleached hardwood and softwood "kraft" pulp lines and extrusion capabilities. The Pine Bluff mill houses one liquid packaging board machine and one coated groundwood machine. In addition, the Pine Bluff mill has a groundwood pulp line to supply the coated groundwood machine. The Canton mill houses one liquid packaging board machine and three uncoated freesheet machines.

Evergreen outsources to Closures and to external manufacturers its production of spouts, caps and closures, which are manufactured to Evergreen's design and specifications. Evergreen has exclusive supply contracts with Closures and external manufacturers.

The manufacture and assembly of fresh filling machines takes place at Evergreen's manufacturing facilities in Cedar Rapids, Iowa, and Shanghai, China. Evergreen's filling machines are mainly utilized to fill cartons of non-carbonated soft drinks, such as juice and juice drinks, and liquid dairy products. Evergreen both manufactures and outsources components used in the production of its fresh filling machines. The majority of Evergreen's component suppliers are located near the Cedar Rapids facility. In addition, Evergreen sources some components from China.

## *Raw Materials and Suppliers*

In 2018, the total value of raw materials consumed by Evergreen was \$555 million and represented 42% of Evergreen's total cost of sales, excluding depreciation and amortization.

Evergreen internally sources its liquid packaging board requirements from its paper mills in Pine Bluff and Canton. To produce cartonboard at its mills, Evergreen sources wood and resin from a variety of North American suppliers. We believe Evergreen's relationships with its suppliers are satisfactory.

The prices of Evergreen's raw materials fluctuate in conjunction with market movements in commodities. Raw wood and wood chips are typically purchased from sources close to the mills, and as a result, prices are established based on local conditions. Potential price fluctuations can occur due to poor weather conditions or insect infestation, but are infrequent due to the techniques and practices of lumber extractors. Resin prices can fluctuate significantly with fluctuations in crude oil and natural gas prices, as well as changes in refining capacity and the demand for other petroleum-based products. In order to minimize the impact of price fluctuations, Evergreen uses price hedging arrangements for purchases of energy and single and multi-year agreements that provide for fixed prices or prices that escalate based on inflation or published index movements.



Evergreen manages its relationships with suppliers through a central supply-procurement system, which ensures that Evergreen receives a continuous supply of materials using vendor-managed inventory and consignment stocking. Evergreen reviews supplier developments in regular business review meetings.

### *Quality Management*

Meeting customers' complex requirements and technical specifications requires a strong commitment to quality and attention to detail. Evergreen is committed to a quality management philosophy that aims to achieve continuous improvement in all stages of the production process through the involvement of management, customers and employees. Evergreen uses a stringent technique of hazard analysis and critical control points to identify critical aspects of quality management, as well as methods and tools to identify key areas for improvement that result in a reduction of waste and downtime, at all of Evergreen's facilities and those of its customers.

### *Intellectual Property*

Evergreen has a significant number of registered patents and registered trademarks. Evergreen uses internal and external resources to manage its intellectual property portfolio and, where appropriate, defends its intellectual property rights throughout the world. Evergreen also relies on unpatented proprietary know-how and trade secrets and employs various methods including confidentiality agreements with employees and consultants to protect its intellectual property. Additionally, Evergreen has licensed, and may license in the future, patents, trademarks, trade secrets and similar intellectual property to third parties. Evergreen attempts to contractually ensure that its intellectual property and similar proprietary rights are protected when entering into business relationships. While in the aggregate Evergreen's patents are of material importance to Evergreen's business, Evergreen believes that its business is not dependent upon any single patent or group of related patents.

Other than licenses for commercially available software, Evergreen does not believe that any of its licenses from third parties are material to its business taken as a whole. Evergreen does not believe that any of its licenses to intellectual property rights granted to third parties are material to its business taken as a whole.

### *New Product Development*

Evergreen's product innovation aims to deliver new packaging products for both customers and end-use consumers and to generate a percentage of future revenue from new products. The innovation process follows a traditional stage gate development process. One of Evergreen's primary competitive advantages in fiber-based cartons is offering a total system solution — from board manufacture to efficient filling machines. Therefore, new carton product design teams include expertise from equipment, converting, the mills and often closures. A key focus for innovation is leveraging leading board and barrier technologies to adjacent markets, such as water and dry goods.

### *Employees*

As of December 31, 2018, Evergreen employed approximately 3,600 people. Approximately 62% of Evergreen's employees are covered by collective labor agreements. Evergreen has not experienced any significant union-related work stoppages. We believe Evergreen's relationships with its employees and labor unions are satisfactory.

### *Regulatory*

As Evergreen's products are used in food and beverage packaging, Evergreen's business is subject to regulations governing products that may contact food in virtually every country in which it has operations. Future regulatory and legislative change can affect the economics of Evergreen's business activities, lead to changes in operating practices, affect its customers and influence the demand for and the cost of providing products and services to its customers. Evergreen has adopted compliance programs and procedures designed to achieve compliance with applicable laws and regulations, and believes these programs and procedures are generally effective. However, because of the complexity of these laws and regulations, variance in production inputs and efficiencies, and the global scope of Evergreen's business, compliance cannot be guaranteed.

Evergreen is subject to environmental, health and safety laws and regulations in the jurisdictions in which it operates. Among other things, these requirements regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of Evergreen's employees, regulate the materials used in and the recycling of products and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances, including releases by prior owners or operators of Evergreen's locations and releases at sites formerly owned or operated by Evergreen.

Moreover, as environmental issues, such as climate change, have become more prevalent, governments have responded, and are expected to continue to respond, with increased legislation and regulations, which could negatively affect Evergreen. For example, the United States Congress has considered legislation to reduce emissions of carbon dioxide and other greenhouse gases. Similarly, the EPA is regulating certain greenhouse gas emissions under the federal Clean Air Act. These and other initiatives may cause Evergreen to incur additional direct costs in complying with any new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from Evergreen's suppliers, customers, or both, incurring additional compliance costs that could get passed through to Evergreen or impact product demand.

Evergreen has been addressing issues associated with its wastewater discharges into the Pigeon River from the Canton mill. In April 2012, Evergreen entered into a settlement agreement with various parties who had challenged Evergreen's permit, which settlement agreement requires Evergreen to perform various tests on the river water. Evergreen has conducted all of the required testing to date and expects to be able to continue to comply with such settlement agreement.

In addition, the EPA is continuing the development of other new standards and programs that may be applicable to Evergreen's operations. In December 2012, the EPA finalized its rules regulating air emissions from industrial boilers and process heaters, commonly referred to as "Boiler MACT." As of December 31, 2018, Evergreen's capital costs to comply with the final Boiler MACT rules were approximately \$52 million; approximately \$51 million was spent in connection with the boiler at its Canton, North Carolina mill and \$1 million was spent in connection with a boiler at its Pine Bluff, Arkansas mill. Evergreen expects no significant costs to be incurred in 2019. Evergreen does not expect the Boiler MACT rules to have a



material adverse effect on its business or the expenditures needed to achieve compliance to significantly increase the RGHL Group's capital expenditures during these periods.

#### *Legal Proceedings*

Evergreen is a party to various litigation matters, including environmental matters, arising in the ordinary course of business. We cannot estimate with certainty the ultimate legal and financial liability with respect to these litigation and environmental matters but believe, based on examination of these matters, experience to date and discussions with counsel, that any ultimate liability will not be material to Evergreen's financial position, results of operations or cash flows.

#### **Closures**

Closures is a leading manufacturer of plastic and aluminum beverage caps and closures, primarily serving the carbonated soft drink, non-carbonated soft drink and bottled water segments of the global beverage market. Closures' products also serve the liquid dairy, food, beer and liquor and automotive fluid markets. In addition to supplying plastic and aluminum caps and closures, Closures also offers high speed rotary capping equipment, which secures caps on a variety of packaging, and related services. Closures has a large global customer base with its largest presence in North America. The following table shows total segment revenue by geographic region for Closures for each of the years ended December 31, 2018, 2017 and 2016:

(In \$ million)	Revenue by geographic region		
	2018	2017	2016
United States	414	370	373
Remaining North American Region	81	81	84
Asia	152	225	229
Europe	132	130	135
South America	82	95	107
<b>Total</b>	<b>861</b>	<b>901</b>	<b>928</b>

#### *History*

Closures has been supplying caps and closures since its inception in the 1930s as part of Alcoa's packaging business. Closures started developing aluminum closures primarily for the food industry and continued to develop its manufacturing capabilities through the 1940s and 1950s. In the 1960s, Closures introduced the first resealable aluminum roll-on closure for the beer and soft drink industries. In 1986, Closures acquired H-C Industries, which had developed a patented compression molding process to make plastic closures for carbonated soft drinks. Throughout the 1990s and 2000s, Closures continued to develop innovative closure solutions such as spout fitments for gable top juice containers and hot-fill closures for sports drinks and entered the Asian, European and South American markets during this period. In 2008, Closures was acquired indirectly by Mr. Graeme Hart, our strategic owner. In February 2010, Closures purchased Obrist Americas, Inc., a U.S. manufacturer of plastic non-dispensing screw closures for carbonated soft drinks and water containers. The acquired company was renamed Closure Systems International Americas, Inc. In January 2014, we sold Closures' aluminum closures business in Germany. In 2018, Closures sold a number of its operations in Asia.

#### *Global Packaging Solution*

Closures employs a business model, which we refer to as the "Global Packaging Solution," through which it provides complete closure solutions to its customers. As the only major global provider of beverage caps and closures, as well as high speed rotary capping equipment and related services, we believe this model differentiates Closures from its competitors and positions it as a supplier of choice for customers throughout the world. Closures' operations are strategically located in geographic proximity to its customers and are focused on providing innovative closure solutions, quality products, capping equipment and services to its customers, designed to reduce their overall cost of operations.

#### *Caps and Closures*

Closures' caps and closures can be used for a variety of beverages, including carbonated soft drinks, non-carbonated soft drinks, bottled water, juices and sports drinks, which are primarily filled in PET containers and require a plastic closure. In addition, Closures' caps and closures can be applied to seal high density PE containers and glass containers. Closures has also been able to take advantage of the increasing use of plastic caps and closures in the food, dairy and alcoholic beverages markets. Closures' customer relationships have enabled it to expand its core beverage caps and closures product offering through the development of higher margin, customized closure solutions. Closures' mini-closures platform of products is sold in all of its major markets, which provides customers with reduced packaging costs, increased sealing technologies, seal integrity and easy-open capability. Closures' caps and closures are sold mostly under multi-year contracts.

#### *Capping Equipment and Services*

Closures is a global leader in beverage capping equipment. In addition, Closures can provide customized cap handling and application systems specifically tailored to customer needs. Closures builds capping machinery for a wide range of cap and closure applications and production and process environments, offering innovative system solutions for cold-fill, hot-fill and aseptic-fill applications.

In addition to the original capping systems equipment, Closures also supplies its customers with replacement parts through its global spare parts network and online store, as well as technical service through a team of technicians strategically located in geographic proximity to its customers. Closures provides capping machine services both before and after a capping machine placement to help customers improve productivity. These



services include retooling programs, quick-change capping conversion, training services, troubleshooting and machine upgrades, on-site capping inspections and line efficiency improvements.

These products and services are designed to deliver a comprehensive system of customer value and reliability, enabling Closures' customers to improve the productivity of their capping machines, which may result in increased caps and closures sales. Closures' emphasis on service leads to strong customer loyalty which may provide Closures with a competitive advantage.

#### *Customers*

Closures' customer base includes international companies as well as large national and regional companies primarily in the beverage and consumer product industries. Where appropriate, Closures manages its customer relationships with large beverage companies at both the parent company and the local bottler levels. This approach allows Closures to foster relationships at the various purchasing decision points, thereby minimizing its exposure to any one particular contract and enabling it to understand the developing requirements of beverage customers. Many of Closures' customers have been customers for over 20 years. Closures also produces caps and closures for Evergreen. In 2018, Closures' top ten customers accounted for 69% of the segment's total revenue, with two customers accounting for 29% and 13% of the segment's total revenue.

The majority of Closures' revenue is derived from multi-year contracts. Many of Closures' customer sales contracts contain price adjustments based on changes in resin prices which allows Closures to pass through varying degrees of the changes in resin prices to its customers. In addition, an increasing number of Closures' customer sales contracts also contain inflationary price adjustments. Where possible, Closures seeks to stagger the expiration dates of its contracts to avoid the need to renew several large contracts at the same time.

#### *Competition*

The global caps and closures market is highly fragmented, with Closures being one of only a few global participants. These competitors include Berry Plastics Group, Inc., BERICAP GmbH & Co. KG, Silgan Holdings, Inc. and Global Closure Systems. Most competitors are either local or regional companies that may supply one region or multiple regions of the world. In certain regions, especially in emerging markets, an increasing number of bottlers are self-supplying closures through self-manufacturing caps and closures. These competitive pressures may adversely affect Closures' business and financial performance. We believe Closures benefits from its proximity to customers, stringent product specifications demanded by its multinational client base, and its ability to provide integrated closure system solutions. Closures also competes by offering strong product design capabilities, leading technology innovation, speed of product delivery, value-added features and cost competitiveness.

#### *Marketing and Sales*

Closures reaches its customer base primarily through a direct field sales organization. Closures' sales teams are principally organized by region and are supported by global marketing teams that are focused on each of its core and growth markets such as carbonated soft drink, non-carbonated soft drink, bottled water, liquid food, dairy and alcoholic beverage.

We believe Closures is the only global supplier of a completely integrated closures solution by offering both caps and closures and capping equipment. This provides a strategic advantage for Closures as both its sales professionals and service technicians have the ability to solicit real-time feedback and provide Closures with insight on global cap and closure operations, consumer trends and competitor products. We believe this flow of shared knowledge among equipment sales, cap and closure sales and equipment service personnel helps Closures effectively develop and manufacture high quality, innovative products that meet the needs of its customers.

#### *Seasonality*

Closures' operations are moderately seasonal. Closures experiences some seasonality as a result of increased consumption of bottled beverages during the summer months. In addition, in order to avoid capacity shortfalls in the summer months, Closures' customers typically begin building inventories in advance of the summer season. Therefore, Closures typically experiences a greater level of closure sales during the second and third quarters.

#### *Manufacturing*

Closures operates 19 manufacturing and capping equipment assembly locations worldwide, including six facilities in North America, five in South America, three in Europe, two in Asia, two in the Middle East and one in Central America.

#### *Caps and Closures*

Closures manufactures caps and closures at all of its manufacturing facilities globally with the exception of its capping equipment assembling facilities in Europe and North America. Closures' global operations enable it to service its broad global customer base. Closures manufactures its own proprietary compression molding equipment, which allows Closures to quickly increase manufacturing capacity as demand grows. Closures' facilities manufacture caps and closures utilizing this compression molding technology, as well as injection molding and metal stamping processes, depending on the customer's needs. Using this manufacturing approach, Closures manufactures a broad range of sealing solutions such as molded in-shell liners, disc liners, induction and conduction seals as well as tamper evidence bands.

#### *Capping Equipment*

Closures' capping equipment is manufactured globally at four locations in Germany, Japan, China and the United States. Equipment produced in Germany is primarily supplied to Europe, Africa, the Middle East and some countries in Asia, while equipment made in Japan is primarily sold in Japan, China and other Asian countries. U.S. manufactured equipment is primarily sold in North, South and Central America.

## *Raw Materials and Suppliers*

Closures' principal raw materials are resin, colorant and aluminum. In 2018, the total value of raw materials consumed by Closures was \$437 million, with the majority of raw materials being plastic resins. In 2018, total raw materials represented 64% of Closures' total cost of sales, excluding depreciation and amortization.

Closures' centralized purchasing function enables it to leverage its global purchasing power and reduce its dependency on any one supplier. Closures takes advantage of regional and local suppliers for indirect materials and services to ensure the lowest total cost of ownership. Closures sources its raw materials from a variety of suppliers, many of which are global. It maintains two to three suppliers for most inputs. Closures typically has one year contracts with key resin, colorant and aluminum suppliers. We believe that the pricing terms under these contracts are consistent with the terms available in the market, and Closures has not historically experienced significant supply interruption of any key raw materials. We believe Closures' relationships with its suppliers are satisfactory. Closures has relationships spanning more than 15 years with a majority of its top suppliers.

To mitigate the volatility of resin prices, the majority by volume of Closures' customer sales contracts contain price adjustments based on changes in resin prices, which allows Closures to pass through varying degrees of the changes in resin prices to its customers. Contractual price adjustments with customers do not occur simultaneously with actual resin purchase price fluctuations, but rather on a monthly, quarterly, semi-annual or other basis. In certain instances, Closures has also been able to negotiate raw material price adjustments with customers not subject to these clauses.

In addition, to further minimize the impact of price fluctuations of raw materials, Closures enters into hedging agreements for some resin purchases. Closures also enters into hedging agreements at the request of certain customers who want to mitigate the risk of changes in raw material costs in their purchase pricing.

## *Quality Management*

Meeting customers' complex requirements and technical specifications requires a strong commitment to quality, customer service, process controls and reliability. Closures maintains technology centers around the world that are focused on product engineering, testing and design. In addition, we believe Closures has unique testing capabilities through its laboratories located around the world that are fully accredited by major global beverage manufacturers. Closures also uses pilot bottling line equipment to simulate customer filling and capping operations in order to facilitate real world product testing prior to customer line trials. This provides a key advantage for Closures, as large customers can leverage Closures' testing capabilities and avoid the need to perform their own independent product testing.

Closures' production facilities employ efficient, technologically advanced manufacturing capabilities. In addition, each facility offers reliable customer service, timely delivery and quality performance.

## *Intellectual Property*

Closures has a significant number of registered patents and registered trademarks which, along with trade secrets and manufacturing know-how, help support Closures' ability to add value within its market and sustain its competitive advantages. Closures monitors its patents and trademarks on its products and processes and, where appropriate, defends its intellectual property rights throughout the world. While in the aggregate Closures' patents are of material importance to Closures' business, Closures believes that its business is not dependent upon any single patent or group of patents.

Closures invests a considerable amount of resources in developing its proprietary products and manufacturing capabilities and employs various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants, to protect its intellectual property. Additionally, Closures has licensed, and may license in the future, patents, trademarks, trade secrets and similar intellectual property to third parties. Closures attempts to contractually ensure that its intellectual property and similar proprietary rights are protected when entering into business relationships.

Other than licenses for commercially available software, Closures does not believe that any of its licenses from third parties are material to its business taken as a whole. Closures does not believe that any of its licenses to intellectual property rights granted to third parties are material to its business taken as a whole.

## *New Product Development*

New product innovation is a key component of Closures' growth strategy. Closures' new product development process is based on a fundamental understanding of the interactions between product design, materials of construction and manufacturing and application processes. Key trends driving new product development include cost reduction, product integrity preservation, tamper evidence enhancement, increased brand equity and promotion and consumer functionality. As an example, Closures' mini-closure platform of products, which significantly reduces raw material costs without sacrificing product performance, has been introduced in all of its major markets. In addition, Closures has been a leading innovator in the development of tamper evidence beverage caps and closures and has launched new closures with enhanced tamper evidence. Furthermore, Closures has been a leading innovator in the development of one piece beverage closures, which provide customers with an alternative high performance design that can be manufactured in one resin material, while retaining similar performance characteristics to closures using two materials.

Research and development costs were \$8 million, \$9 million and \$10 million for the years ended December 31, 2018, 2017 and 2016, respectively.

## *Employees*

As of December 31, 2018, Closures employed approximately 2,400 people. Approximately 39% of Closures' employees are covered by collective labor agreements. Closures has not experienced any significant union-related work stoppages over the last 25 years. We believe Closures' relationships with its employees, labor unions and work councils are satisfactory.



## *Regulatory*

As Closures' products are used in food and beverage packaging, Closures' business is subject to regulations governing products that may contact food in virtually every country where it has operations. Future regulatory and legislative change can affect the economics of Closures' business activities, lead to changes in operating practices, affect its customers and influence the demand for and the cost of providing products and services to its customers. Closures has implemented compliance programs and procedures designed to achieve compliance with applicable laws and regulations, and believes these programs and procedures are generally effective. However, because of the complexity of these laws and regulations and the global scope of Closures' business, compliance cannot be guaranteed.

Closures is subject to environmental, health and safety laws and regulations in the jurisdictions in which it operates. Among other things, these requirements regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of Closures' employees, regulate the materials used in and the recycling of products and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances, including releases by prior owners or operators of Closures' locations and releases at sites formerly owned or operated by Closures.

Moreover, as environmental issues, such as climate change, have become more prevalent, governments have responded, and are expected to continue to respond, with increased legislation and regulation, which could negatively affect Closures. For example, the United States Congress has considered legislation to reduce emissions of greenhouse gases. In addition, the EPA is regulating certain greenhouse gas emissions under existing laws such as the Clean Air Act. These initiatives may cause Closures to incur additional direct costs in complying with any new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from its suppliers, customers, or both incurring additional compliance costs that could get passed through to Closures or impact product demand.

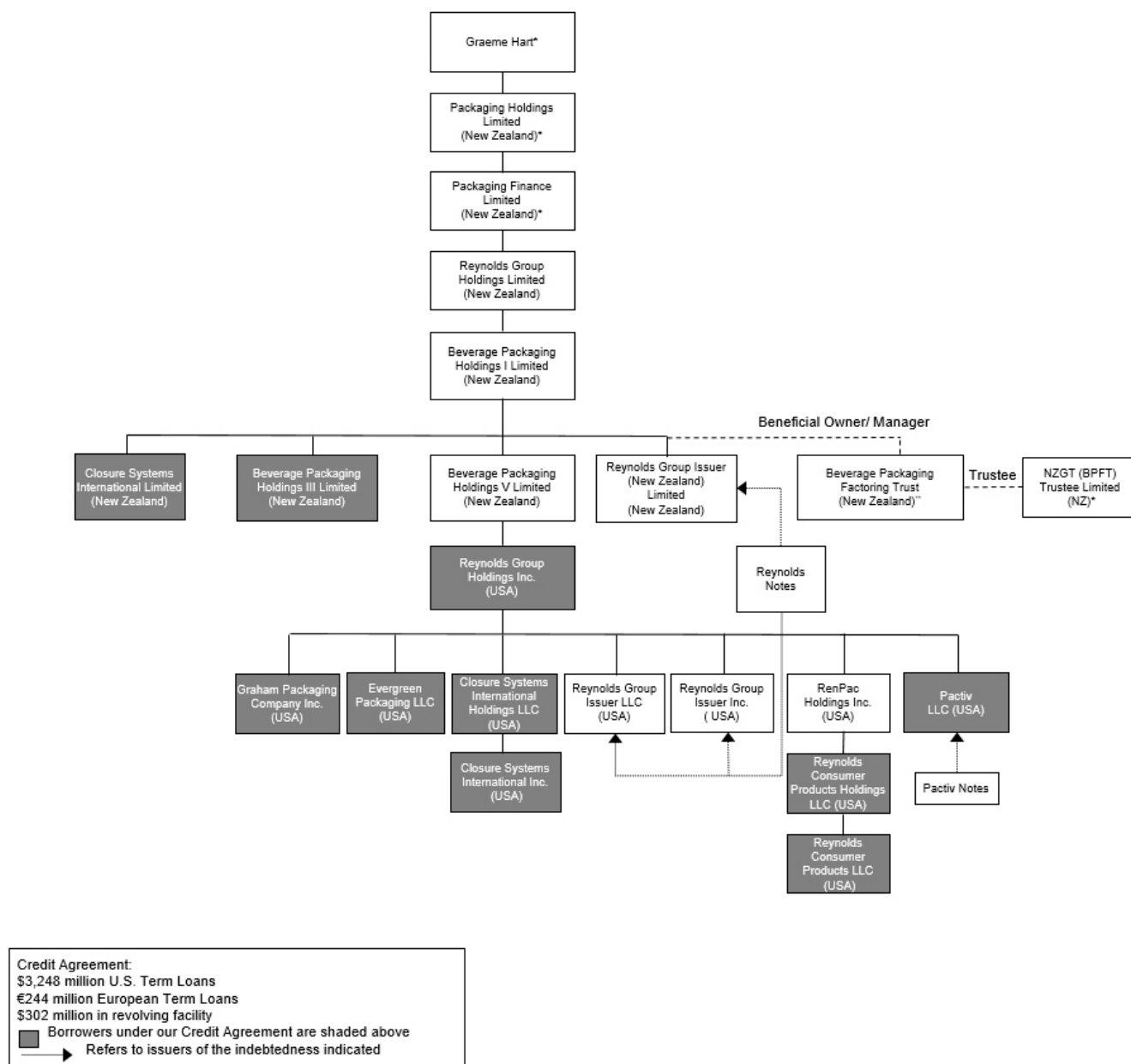
## *Legal Proceedings*

Closures is a party to various litigation matters arising in the ordinary course of business. We cannot estimate with certainty the ultimate legal and financial liability with respect to these litigation matters but believe, based on examination of these matters, experience to date and discussions with counsel, that any ultimate liability will not be material to Closures' financial position, results of operations or cash flows.

## Organizational Structure

We are a holding company that conducts its business operations through its controlled entities. Our significant controlled entities, their country of incorporation and the proportion of ownership and voting interest held, directly or indirectly, in them by us, are set out in note 21 to our audited consolidated financial statements included elsewhere in this annual report.

The following diagram sets forth a summary of our corporate structure and certain financing arrangements.



\* Does not guarantee the Reynolds Notes or the Credit Agreement.

\*\* Does not guarantee the Reynolds Notes or the Credit Agreement. Borrower under the Securitization Facility. The assets of this entity secure the Securitization Facility.

## Property, Plants and Equipment

Our business segments operate through a number of offices, manufacturing facilities and warehouses throughout the world. We generally own or lease our facilities under long-term leases. Some of our principal facilities are subject to mortgages and other security interests granted to secure indebtedness with certain financial institutions. We believe that our manufacturing facilities are well maintained, suitable for their respective operations and provide sufficient capacity to meet reasonably foreseeable production requirements.

### ITEM 4A. UNRESOLVED STAFF COMMENTS.

None.

### ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS.

*The following discussion should be read in conjunction with "Item 4. Information on RGHL — Business Overview" and our historical financial statements and the notes thereto, in each case included elsewhere in this annual report. The following discussion and analysis also includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements with respect to our actual results. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this annual report. See "Forward-Looking Statements" and "Item 3. Key Information — Risk Factors."*

#### Key Factors Influencing Our Financial Condition and Results of Operations

##### Substantial Leverage

The five segments in which we operate have all been acquired through a series of transactions. Our results of operations, financial position and cash flows are significantly impacted by the effects of these acquisitions, which were financed primarily through borrowings. In addition, from time to time, we refinance our borrowings which also can have a significant impact on our results of operations.

As of December 31, 2018, our total indebtedness of \$11,076 million (\$11,440 million as of December 31, 2017) was comprised of the outstanding principal amounts of our borrowings. As reflected in our consolidated statement of financial position, we had total borrowings of \$11,035 million, consisting of total indebtedness net of unamortized transaction costs, original issue discounts and embedded derivatives. For more information regarding our external borrowings, refer to note 15 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report. Our future results of operations, including our net financial expenses, will be significantly affected by our substantial indebtedness. The servicing of this indebtedness has had and will continue to have an impact on our cash flows and cash balance. For more information, refer to "— Liquidity and Capital Resources."

##### Raw Materials and Energy Prices

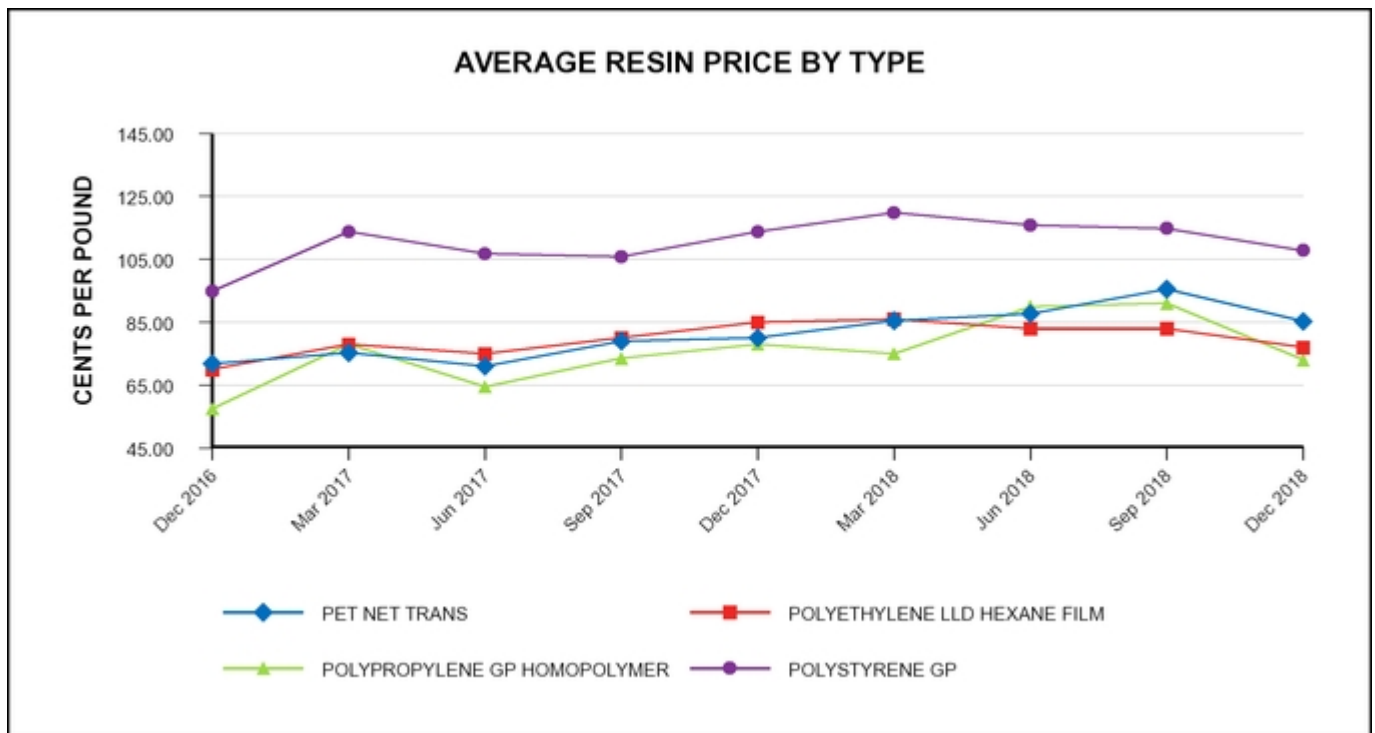
Our results of operations, and the gross profits corresponding to each of our segments, are impacted by changes in the costs of our raw materials and energy prices. The primary raw materials used to manufacture our products are plastic resins, aluminum, fiber (principally raw wood and wood chips) and paperboard (principally cartonboard and cupstock). We also use commodity chemicals, steel and energy, including fuel oil, electricity, natural gas and coal, to manufacture our products.

Principal raw materials used by each of our segments are as follows (in order of cost significance):

- Reynolds Consumer Products — resin, aluminum
- Pactiv Foodservice — resin, paperboard, aluminum
- Graham Packaging — resin
- Evergreen — fiber, resin
- Closures — resin

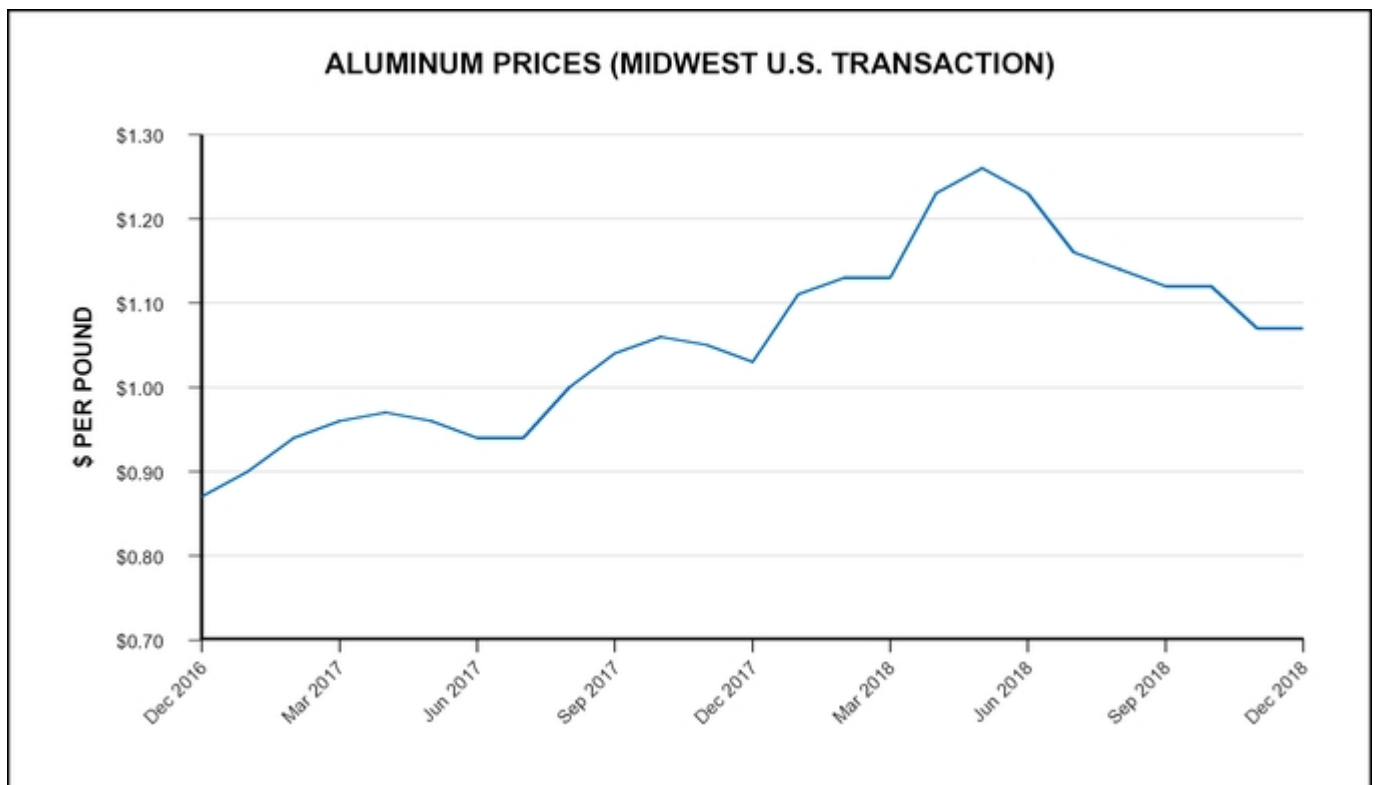
The cost of our raw materials can also be affected by tariffs, trade sanctions and similar matters that affect international commerce. For instance, on April 6, 2018, the U.S. government announced a series of sanctions against several Russian individuals and companies, including one company that is a major supplier of aluminum to the U.S. market and to us. In addition, the U.S. government has announced tariffs on various other materials, including certain types of resins. In response to these actions, other governments have proposed or imposed tariffs on U.S. goods. The impact of these actions, and possible future actions, on our business remains uncertain. At this time, we do not believe that these matters as they currently exist will have a material adverse effect on our business, financial condition or results of operations, but this has been a rapidly changing area and the full effect of these actions may not be known for some time.

Historical index prices of resin, aluminum and paperboard from December 31, 2016 through December 31, 2018 are shown in the charts below. These charts present index prices and do not represent the prices at which we purchased these raw materials.



Source: IHS Inc.

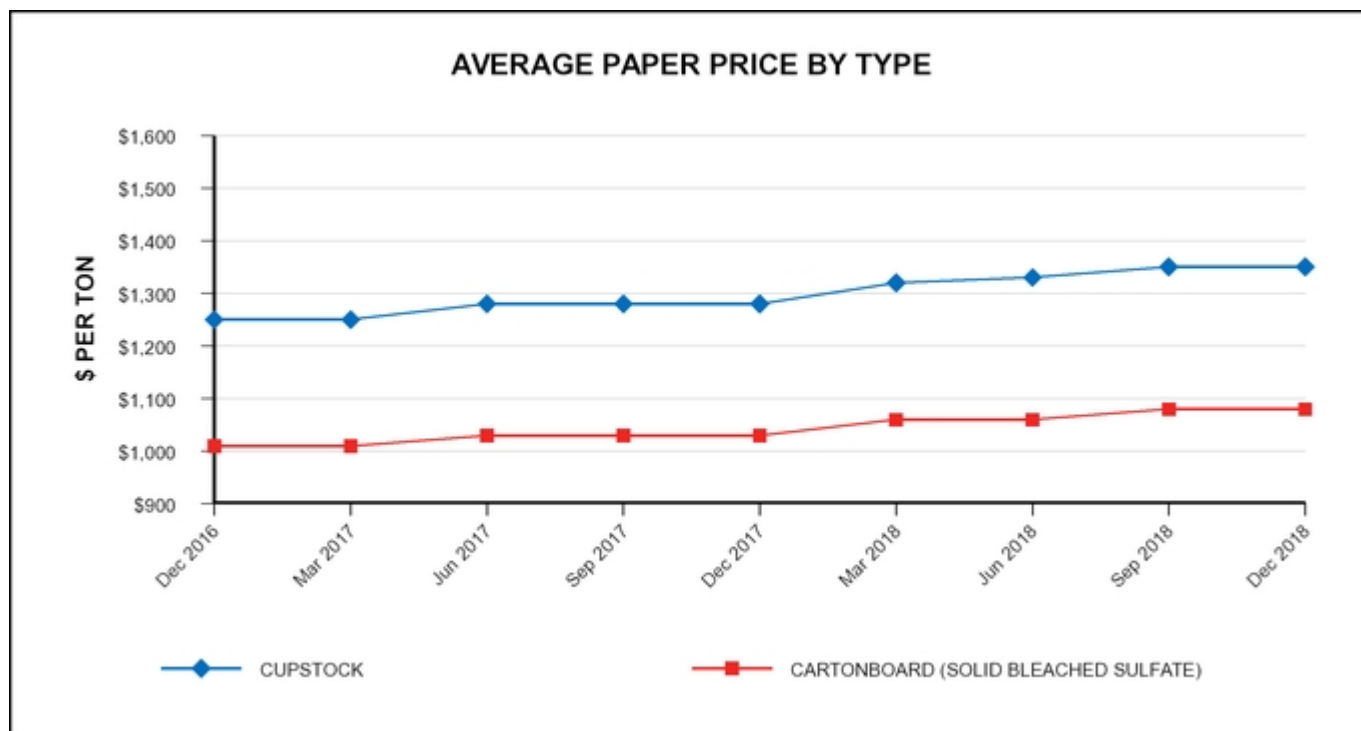
Resin prices can fluctuate significantly with fluctuations in crude oil and natural gas prices, as well as changes in refining capacity and the demand for other petroleum-based products.



Source: Platts Metal Weekly

Aluminum prices can fluctuate significantly as aluminum is a cyclical commodity with prices subject to global market factors. These factors include speculative activities by market participants, production capacity, strength or weakness in key end-markets such as housing and transportation, political and economic conditions and production costs in major production regions.





Source: RISI Inc.

The prices of cupstock and cartonboard may fluctuate due to external conditions such as weather, product scarcity, currency and commodity market fluctuations and changes in governmental policies and regulations.

Purchases of most of our raw materials are based on negotiated rates with suppliers, which are tied to published indices. Typically, we do not enter into long-term purchase contracts that provide for fixed quantities or prices for our principal raw materials. For Evergreen, most raw materials and other input costs are purchased on the spot market.

Changes in raw material prices impact our results of operations. Revenue is directly impacted by changes in raw material costs as a result of raw material cost pass-through mechanisms in many of the customer pricing agreements entered into by most of our segments. Generally, the contractual price adjustments do not occur simultaneously with commodity price fluctuations, but rather on a mutually agreed upon schedule. Due to differences in timing between purchases of raw materials and sales to customers, there is often a lead-lag effect, during which margins are negatively impacted in periods of rising raw material costs and positively impacted in periods of falling raw material costs. Historically, the average lag time in implementing raw material cost pass-through mechanisms (where contractually permitted) has been approximately three months.

We use price increases, where possible, to mitigate the effects of raw material cost increases for customers that are not subject to raw material cost pass-through agreements. Contracts with customers for the branded products sold by Reynolds Consumer Products generally do not contain raw material cost pass-through mechanisms.

The prices for some of our raw materials, particularly resins and aluminum, have fluctuated significantly in recent years. Prices for raw wood and wood chips have fluctuated less than the prices of resins and aluminum. Raw wood and wood chips are typically purchased from sources close to our mills and, as a result, prices are established locally based on factors such as local competitive conditions and weather conditions.

Management expects continued volatility in raw material prices and such volatility may impact our results of operations. Although we continue to take steps to minimize the impact of the volatility of raw material prices through commodity hedging, fixed supplier pricing, reducing the lag time in contractual raw material cost pass-through mechanisms and entering into additional indexed customer contracts that include raw material cost pass-through provisions, these efforts may prove to be inadequate.

Our segments are also sensitive to energy-related cost movements, particularly those that affect transportation and utility costs. In particular, our Evergreen segment is susceptible to price fluctuations in natural gas, as Evergreen incurs significant natural gas costs to convert raw wood and wood chips to paper products and liquid packaging board. Historically, we have been able to mitigate the effect of higher energy-related costs with productivity improvements and other cost reductions. Further, energy costs (excluding transportation costs) are generally included in Evergreen's indexed customer contracts.

### Commodity Hedging Activities

We are exposed to commodity and other price risk principally from the purchase of resin, natural gas, electricity, raw cartonboard, aluminum, diesel and steel. From time to time we enter into hedging agreements for some of our raw materials and energy sources to minimize the impact of price fluctuations. We use various strategies to manage cost exposures on certain raw material purchases with the objective of obtaining more predictable costs for these commodities. We generally enter into commodity financial instruments or derivatives to hedge commodity prices primarily related to resin, aluminum, diesel and natural gas. For additional details related to our commodity hedging activities, refer to "— Quantitative and Qualitative Disclosures about Market Risk — Commodity Risk."



The realized gains or losses arising from derivative instruments are recognized in cost of sales while the unrealized gains or losses associated with derivative instruments are recognized in net other income (expenses).

While we currently employ the hedging strategy discussed above, we may decide to increase or decrease our level of hedging depending on management's assessment of current market conditions.

### ***Effect of Currency Fluctuations***

We operate in multiple countries and transact business in a range of currencies. Reynolds Consumer Products, Pactiv Foodservice and Evergreen, which predominantly operate in the United States, are less affected by currency fluctuations than Graham Packaging and Closures. In addition to the U.S. dollar, the currencies in which our transactions are primarily denominated are the euro, Mexican peso, New Zealand dollar and Canadian dollar, and to a lesser extent the Brazilian real, British pound, Chinese yuan renminbi, Japanese yen, Korean won, Polish zloty and Taiwanese dollar. Exchange rate fluctuations can therefore either increase or decrease revenue and expense items when reported in U.S. dollars. For most financial periods, the impact on revenue due to fluctuations in exchange rates has been partially offset by the impact on expenses, as most of our business units incur revenue and expenses in their respective local currencies, creating a natural hedge to currency fluctuations. From time to time we enter into hedging agreements for some of our foreign currency transactions to minimize the impact of foreign currency pricing changes.

### ***Seasonality***

Our business is impacted by seasonal fluctuations. For additional information, refer to each segment's seasonality discussion at "Item 4. Information on RGHL — Business Overview."



## Results of Operations

The following discussion should be read in conjunction with the RGHL Group's audited consolidated financial statements included elsewhere in this annual report. Detailed comparisons of revenue and results are presented in the discussions of the operating segments, which follow the RGHL Group results discussion.

### Year Ended December 31, 2018 Compared with the Year Ended December 31, 2017

#### RGHL Group

(In \$ million, except for %)	For the year ended December 31,				Change	% change
	2018	% of revenue	2017	% of revenue		
<b>Revenue</b>	<b>10,660</b>	<b>100 %</b>	<b>10,524</b>	<b>100 %</b>	<b>136</b>	<b>1 %</b>
Cost of sales	(8,566)	(80)%	(8,202)	(78)%	(364)	(4)%
<b>Gross profit</b>	<b>2,094</b>	<b>20 %</b>	<b>2,322</b>	<b>22 %</b>	<b>(228)</b>	<b>(10)%</b>
Selling, marketing and distribution expenses/ General and administration expenses	(961)	(9)%	(1,022)	(10)%	61	6 %
Net other income (expenses)	(279)	(3)%	(78)	(1)%	(201)	NM
<b>Profit from operating activities</b>	<b>854</b>	<b>8 %</b>	<b>1,222</b>	<b>12 %</b>	<b>(368)</b>	<b>(30)%</b>
Financial income	46	— %	49	— %	(3)	(6)%
Financial expenses	(865)	(8)%	(750)	(7)%	(115)	(15)%
<b>Net financial income (expenses)</b>	<b>(819)</b>	<b>(8)%</b>	<b>(701)</b>	<b>(7)%</b>	<b>(118)</b>	<b>(17)%</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>35</b>	<b>— %</b>	<b>521</b>	<b>5 %</b>	<b>(486)</b>	<b>(93)%</b>
Income tax (expense) benefit	(40)	— %	(81)	(1)%	41	51 %
<b>Profit (loss) from continuing operations</b>	<b>(5)</b>	<b>— %</b>	<b>440</b>	<b>4 %</b>	<b>(445)</b>	<b>NM</b>
Profit (loss) from discontinued operations, net of income tax	—	NM	(1)	NM	1	100 %
<b>Profit (loss) for the year</b>	<b>(5)</b>	<b>NM</b>	<b>439</b>	<b>NM</b>	<b>(444)</b>	<b>NM</b>
Depreciation and amortization from continuing operations	655	6 %	674	6 %	(19)	(3)%
RGHL Group Adjusted EBITDA <sup>(1)</sup> from continuing operations	1,872	18 %	2,078	20 %	(206)	(10)%

(1) Refer to page 3 under the heading "Non-GAAP Financial Measures" for additional information related to this financial measure.

**Revenue.** Revenue increased by \$136 million, or 1%. The increase was primarily due to higher pricing across all segments, largely as a result of the pass-through of higher raw material costs to customers, partially offset by the impact of business divestitures at Closures, Pactiv Foodservice and Graham Packaging.

**Cost of Sales.** Cost of sales increased by \$364 million, or 4%. The increase was primarily due to higher raw material, manufacturing and logistics costs. These increases were partially offset by the impact of business divestitures at Closures, Pactiv Foodservice and Graham Packaging.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$61 million, or 6%. The decrease was primarily due to lower depreciation and amortization expenses and lower employee-related costs.

**Net Other.** Net other expenses increased by \$201 million to \$279 million. The increase was due to an increase in asset impairment charges of \$195 million, primarily due to a goodwill impairment charge of \$206 million at Graham Packaging, as well as an unfavorable change of \$22 million in unrealized gains and losses on derivatives, partially offset by a favorable change of \$19 million in gains and losses on sale of businesses. For more information regarding the goodwill impairment charge, refer to note 13 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report.

**Net Financial Income (Expenses).** Net financial expenses increased by \$118 million to \$819 million. The increase was primarily due to an unfavorable change of \$274 million in the fair value of embedded derivatives, partially offset by a \$68 million favorable foreign currency impact, a \$64 million decrease in losses on extinguishment of debt and a \$17 million decrease in interest expense. For more information regarding financial income (expenses) and borrowings, refer to notes 8 and 15, respectively, of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report.

**Income Tax.** We recognized income tax expense of \$40 million on profit before income tax of \$35 million (an effective tax rate of 114%) compared to income tax expense of \$81 million on profit before income tax of \$521 million (an effective tax rate of 16%) for the prior year. The effective tax rate in the current year is primarily the result of the non-deductible portion of the goodwill impairment expense. Other factors that have contributed to the effective tax rate include: (i) the impact of U.S. tax legislative changes enacted in late 2017, (ii) the mix of book income and losses taxed at varying rates among the jurisdictions, (iii) the inability to realize tax benefit for certain losses and temporary differences and (iv) changes in uncertain tax positions. The 2017 effective tax rate also reflects the establishment of a \$35 million deferred tax asset for unused tax losses previously unrecognized. For further information, including

a reconciliation of income tax expense, refer to note 9 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report.

*Depreciation and Amortization.* Depreciation and amortization decreased by \$19 million. The decrease includes the impact of business divestitures.

#### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the RGHL Group is as follows:

(In \$ million)	For the year ended December 31,	
	2018	2017
<b>Profit from operating activities</b>	<b>854</b>	<b>1,222</b>
Depreciation and amortization from continuing operations	655	674
<b>RGHL Group EBITDA<sup>(1)</sup> from continuing operations</b>	<b>1,509</b>	<b>1,896</b>
<b>Included in the RGHL Group EBITDA:</b>		
Asset impairment charges, net of reversals	240	45
(Gain) loss on sale or disposal of businesses and non-current assets	(8)	10
Non-cash pension expense, net of settlement gain	56	58
Operational process engineering-related consultancy costs	14	15
Related party management fee	28	31
Restructuring costs, net of reversals	17	23
Unrealized (gain) loss on derivatives	22	—
Other	(6)	—
<b>RGHL Group Adjusted EBITDA<sup>(1)</sup> from continuing operations</b>	<b>1,872</b>	<b>2,078</b>
<b>Segment detail of Adjusted EBITDA:</b>		
Reynolds Consumer Products	652	660
Pactiv Foodservice	569	677
Graham Packaging	349	397
Evergreen	230	258
Closures	116	131
Corporate/Unallocated <sup>(2)</sup>	(44)	(45)
<b>RGHL Group Adjusted EBITDA from continuing operations</b>	<b>1,872</b>	<b>2,078</b>

(1) Refer to page 3 under the heading "Non-GAAP Financial Measures" for additional information related to these financial measures.

(2) Corporate/Unallocated includes holding companies and certain debt issuer companies which support the entire RGHL Group and which are not part of a specific segment. It also includes eliminations of transactions between segments.

## Reynolds Consumer Products Segment

(In \$ million, except for %)	For the year ended December 31,					
	2018	% of segment revenue	2017	% of segment revenue	Change	% change
External revenue	2,980	95 %	2,807	95 %	173	6 %
Inter-segment revenue	164	5 %	152	5 %	12	8 %
Total segment revenue	3,144	100 %	2,959	100 %	185	6 %
Cost of sales	(2,295)	(73)%	(2,106)	(71)%	(189)	(9)%
Gross profit	849	27 %	853	29 %	(4)	— %
Selling, marketing and distribution expenses/ General and administration expenses	(277)	(9)%	(287)	(10)%	10	3 %
Net other income (expenses)	(12)	— %	4	— %	(16)	NM
Profit from operating activities	560	18 %	570	19 %	(10)	(2)%
Reynolds Consumer Products segment Adjusted EBITDA	652	21 %	660	22 %	(8)	(1)%

**Revenue.** Total segment revenue increased by \$185 million, or 6%. The increase was primarily due to higher pricing as result of incremental raw material costs and increased sales volume.

**Cost of Sales.** Cost of sales increased by \$189 million, or 9%. The increase was primarily due to an increase of \$119 million in raw material costs, higher logistics costs, higher manufacturing costs and increased sales volume. For the years ended December 31, 2018 and 2017, raw material costs accounted for 65% and 66% of Reynolds Consumer Products' cost of sales, respectively.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$10 million, or 3%. The decrease was primarily due to lower depreciation and amortization expenses and lower advertising costs, partially offset by higher employee-related costs.

**Net Other.** Net other changed by \$16 million, resulting in net other expenses of \$12 million. The change was primarily due to an unfavorable change in unrealized gains and losses on derivatives. This item has been included in the segment's Adjusted EBITDA calculation.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Reynolds Consumer Products segment is as follows:

(In \$ million)	For the year ended December 31,	
	2018	2017
Profit from operating activities	560	570
Depreciation and amortization	83	86
<b>EBITDA</b>	<b>643</b>	<b>656</b>
<b>Included in Reynolds Consumer Products segment EBITDA:</b>		
Restructuring costs, net of reversals	—	5
Unrealized (gain) loss on derivatives	14	(4)
Other	(5)	3
<b>Reynolds Consumer Products segment Adjusted EBITDA</b>	<b>652</b>	<b>660</b>

## Pactiv Foodservice Segment

(In \$ million, except for %)	For the year ended December 31,					
	2018	% of segment revenue	2017	% of segment revenue	Change	% change
External revenue	3,267	86 %	3,237	87 %	30	1 %
Inter-segment revenue	511	14 %	492	13 %	19	4 %
Total segment revenue	3,778	100 %	3,729	100 %	49	1 %
Cost of sales	(3,172)	(84)%	(3,008)	(81)%	(164)	(5)%
Gross profit	606	16 %	721	19 %	(115)	(16)%
Selling, marketing and distribution expenses/ General and administration expenses	(257)	(7)%	(268)	(7)%	11	4 %
Net other income (expenses)	(36)	(1)%	(51)	(1)%	15	29 %
Profit from operating activities	313	8 %	402	11 %	(89)	(22)%
Pactiv Foodservice segment Adjusted EBITDA	569	15 %	677	18 %	(108)	(16)%

**Revenue.** Total segment revenue increased by \$49 million, or 1%. The increase was primarily due to higher pricing, largely as a result of the pass-through of input costs to customers, net of product mix impacts. This increase was partially offset by the impact of business divestitures and lower sales volume.

**Cost of Sales.** Cost of sales increased by \$164 million, or 5%. The increase was primarily due to higher raw material, manufacturing and logistics costs. These increases were partially offset by lower costs due to business divestitures. For the years ended December 31, 2018 and 2017, raw material costs accounted for 58% and 59% of Pactiv Foodservice's cost of sales, respectively.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$11 million, or 4%. The decrease was primarily related to lower depreciation and amortization expenses and lower employee-related costs.

**Net Other.** Net other expenses decreased by \$15 million to \$36 million. The decrease was primarily due to decreased asset impairment charges, net of reversals, partially offset by higher losses on sale of businesses and an unfavorable change in unrealized gains and losses on derivatives. These items have been included in the segment's Adjusted EBITDA calculation.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Pactiv Foodservice segment is as follows:

(In \$ million)	For the year ended December 31,	
	2018	2017
Profit from operating activities	313	402
Depreciation and amortization	204	205
<b>EBITDA</b>	<b>517</b>	<b>607</b>
<b>Included in Pactiv Foodservice segment EBITDA:</b>		
Asset impairment charges, net of reversals	7	36
(Gain) loss on sale or disposal of businesses and non-current assets	23	11
Operational process engineering-related consultancy costs	14	12
Restructuring costs, net of reversals	2	8
Unrealized (gain) loss on derivatives	6	2
Other	—	1
<b>Pactiv Foodservice segment Adjusted EBITDA</b>	<b>569</b>	<b>677</b>

## Graham Packaging Segment

(In \$ million, except for %)	For the year ended December 31,					
	2018	% of segment revenue	2017	% of segment revenue	Change	% change
External revenue	2,087	100 %	2,147	100 %	(60)	(3)%
Inter-segment revenue	—	— %	—	— %	—	— %
Total segment revenue	2,087	100 %	2,147	100 %	(60)	(3)%
Cost of sales	(1,822)	(87)%	(1,824)	(85)%	2	— %
Gross profit	265	13 %	323	15 %	(58)	(18)%
Selling, marketing and distribution expenses/ General and administration expenses	(176)	(8)%	(188)	(9)%	12	6 %
Net other income (expenses)	(228)	(11)%	—	— %	(228)	NM
Profit from operating activities	(139)	(7)%	135	6 %	(274)	NM
Graham Packaging segment Adjusted EBITDA	349	17 %	397	18 %	(48)	(12)%

**Revenue.** Total segment revenue decreased by \$60 million, or 3%. The decrease was primarily due to lower sales volume, the impact of business divestitures and the application of the new revenue recognition standard, partially offset by higher pricing.

**Cost of Sales.** Cost of sales decreased by \$2 million. The decrease was primarily due to lower sales volume, the application of the new revenue recognition standard and the impact of business divestitures, partially offset by higher raw material, logistics and manufacturing costs. For both of the years ended December 31, 2018 and 2017, raw material costs accounted for 52% of Graham Packaging's cost of sales.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$12 million, or 6%. The decrease was primarily due to lower employee-related costs and the impact of business divestitures.

**Net Other.** Net other expenses increased by \$228 million. The increase was primarily due to higher asset impairment charges, including a \$206 million goodwill impairment charge recognized in the current year, and a decrease in the net gain on the disposal of businesses and assets. These items have been included in the segment's Adjusted EBITDA calculation. For more information regarding the goodwill impairment charge, refer to note 13 of the RGH Group's audited consolidated financial statements included elsewhere in this annual report.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Graham Packaging segment is as follows:

(In \$ million)	For the year ended December 31,	
	2018	2017
Profit from operating activities	(139)	135
Depreciation and amortization	253	257
<b>EBITDA</b>	<b>114</b>	<b>392</b>
<b>Included in Graham Packaging segment EBITDA:</b>		
Asset impairment charges, net of reversals	229	7
(Gain) loss on sale or disposal of businesses and non-current assets	—	(6)
Restructuring costs, net of reversals	7	4
Other	(1)	—
<b>Graham Packaging segment Adjusted EBITDA</b>	<b>349</b>	<b>397</b>

## Evergreen Segment

(In \$ million, except for %)	For the year ended December 31,					
	2018	% of segment revenue	2017	% of segment revenue	Change	% change
External revenue	1,504	94 %	1,448	93 %	56	4 %
Inter-segment revenue	99	6 %	114	7 %	(15)	(13)%
Total segment revenue	1,603	100 %	1,562	100 %	41	3 %
Cost of sales	(1,370)	(85)%	(1,286)	(82)%	(84)	(7)%
Gross profit	233	15 %	276	18 %	(43)	(16)%
Selling, marketing and distribution expenses/ General and administration expenses	(68)	(4)%	(82)	(5)%	14	17 %
Net other income (expenses)	3	— %	3	— %	—	— %
Profit from operating activities	168	10 %	197	13 %	(29)	(15)%
Evergreen segment Adjusted EBITDA	230	14 %	258	17 %	(28)	(11)%

*Revenue.* Total segment revenue increased by \$41 million, or 3%. The increase was primarily due to higher pricing and product mix impacts, partially offset by lower sales volume.

*Cost of Sales.* Cost of sales increased by \$84 million, or 7%. The increase was primarily due to higher manufacturing and logistics costs and higher raw material costs, partially offset by lower sales volume. For both of the years ended December 31, 2018 and 2017, raw material costs accounted for 41% of Evergreen's cost of sales.

*Selling, Marketing and Distribution Expenses/General and Administration Expenses.* Selling, marketing and distribution expenses and general and administration expenses decreased by \$14 million, or 17%. The decrease was primarily due to lower employee-related costs.

*Net Other.* Net other income remained flat at \$3 million.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Evergreen segment is as follows:

(In \$ million)	For the year ended December 31,	
	2018	2017
Profit from operating activities	168	197
Depreciation and amortization	63	59
EBITDA	231	256
Included in Evergreen segment EBITDA:		
Other	(1)	2
Evergreen segment Adjusted EBITDA	230	258

## Closures Segment

(In \$ million, except for %)	For the year ended December 31,					
	2018	% of segment revenue	2017	% of segment revenue	Change	% change
External revenue	822	95 %	885	98 %	(63)	(7)%
Inter-segment revenue	39	5 %	16	2 %	23	NM
Total segment revenue	861	100 %	901	100 %	(40)	(4)%
Cost of sales	(719)	(84)%	(746)	(83)%	27	4 %
Gross profit	142	16 %	155	17 %	(13)	(8)%
Selling, marketing and distribution expenses/ General and administration expenses	(85)	(10)%	(95)	(11)%	10	11 %
Net other income (expenses)	26	3 %	(8)	(1)%	34	NM
Profit from operating activities	83	10 %	52	6 %	31	60 %
Closures segment Adjusted EBITDA	116	13 %	131	15 %	(15)	(11)%

**Revenue.** Total segment revenue decreased by \$40 million, or 4%. The decrease was primarily due to the impact of business divestitures, partially offset by higher pricing largely due to higher resin costs passed through to customers and higher sales volume in the ongoing business.

**Cost of Sales.** Cost of sales decreased by \$27 million, or 4%. The decrease was primarily due to the impact of business divestitures and lower manufacturing costs, partially offset by higher raw material costs and higher sales volume. For the years ended December 31, 2018 and 2017, raw material costs accounted for 61% and 59% of Closures' cost of sales, respectively.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$10 million, or 11%. The decrease was primarily due to the impact of business divestitures and lower employee-related cost.

**Net Other.** Net other changed by \$34 million, resulting in net other income of \$26 million. The change was primarily due to the impact of business divestitures. This item has been included in the segment's Adjusted EBITDA calculation.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Closures segment is as follows:

(In \$ million)	For the year ended December 31,	
	2018	2017
Profit from operating activities	83	52
Depreciation and amortization	52	66
<b>EBITDA</b>	<b>135</b>	<b>118</b>
<b>Included in Closures segment EBITDA:</b>		
Asset impairment charges, net of reversals	4	2
(Gain) loss on sale or disposal of businesses and non-current assets	(31)	6
Restructuring costs, net of reversals	8	4
Other	—	1
<b>Closures segment Adjusted EBITDA</b>	<b>116</b>	<b>131</b>



**Corporate/Unallocated**

(In \$ million, except for %)	For the year ended December 31,		Change	% change
	2018	2017		
Gross profit (loss)	(1)	(6)	5	83 %
Selling, marketing and distribution expenses/General and administration expenses	(98)	(102)	4	4 %
Net other income (expenses)	(32)	(26)	(6)	(23)%
Loss from operating activities	(131)	(134)	3	2 %
Corporate/Unallocated Adjusted EBITDA	(44)	(45)	1	2 %

*Selling, Marketing and Distribution Expenses/General and Administration Expenses.* Selling, marketing and distribution expenses and general and administration expenses decreased by \$4 million, or 4%.

*Net Other.* Net other expenses increased by \$6 million to \$32 million.

**EBITDA/Adjusted EBITDA Reconciliation**

The reconciliation of loss from operating activities to EBITDA and Adjusted EBITDA for Corporate/Unallocated is as follows:

(In \$ million)	For the year ended December 31,	
	2018	2017
<b>Loss from operating activities</b>	<b>(131)</b>	<b>(134)</b>
Depreciation and amortization	—	1
<b>EBITDA</b>	<b>(131)</b>	<b>(133)</b>
<b>Included in Corporate/Unallocated EBITDA:</b>		
Non-cash pension expense, net of settlement gain	56	58
Related party management fee	28	31
Other	3	(1)
<b>Corporate/Unallocated Adjusted EBITDA</b>	<b>(44)</b>	<b>(45)</b>

**Year Ended December 31, 2017 Compared with the Year Ended December 31, 2016**

**RGHL Group**

(In \$ million, except for %)	For the year ended December 31,				Change	% change
	2017	% of revenue	2016	% of revenue		
<b>Revenue</b>	<b>10,524</b>	<b>100 %</b>	<b>10,646</b>	<b>100 %</b>	<b>(122)</b>	<b>(1)%</b>
Cost of sales	(8,202)	(78)%	(8,259)	(78)%	57	1 %
<b>Gross profit</b>	<b>2,322</b>	<b>22 %</b>	<b>2,387</b>	<b>22 %</b>	<b>(65)</b>	<b>(3)%</b>
Selling, marketing and distribution expenses/ General and administration expenses	(1,022)	(10)%	(1,170)	(11)%	148	13 %
Net other income (expenses)	(78)	(1)%	(72)	(1)%	(6)	(8)%
<b>Profit from operating activities</b>	<b>1,222</b>	<b>12 %</b>	<b>1,145</b>	<b>11 %</b>	<b>77</b>	<b>7 %</b>
Financial income	49	— %	169	2 %	(120)	(71)%
Financial expenses	(750)	(7)%	(1,042)	(10)%	292	28 %
<b>Net financial income (expenses)</b>	<b>(701)</b>	<b>(7)%</b>	<b>(873)</b>	<b>(8)%</b>	<b>172</b>	<b>20 %</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>521</b>	<b>5 %</b>	<b>272</b>	<b>3 %</b>	<b>249</b>	<b>92 %</b>
Income tax (expense) benefit	(81)	(1)%	(105)	(1)%	24	23 %
<b>Profit (loss) from continuing operations</b>	<b>440</b>	<b>4 %</b>	<b>167</b>	<b>2 %</b>	<b>273</b>	<b>NM</b>
Profit (loss) from discontinued operations, net of income tax	(1)	NM	(6)	NM	5	83 %
<b>Profit (loss) for the year</b>	<b>439</b>	<b>NM</b>	<b>161</b>	<b>NM</b>	<b>278</b>	<b>NM</b>
Depreciation and amortization from continuing operations	674	6 %	707	7 %	(33)	(5)%
RGHL Group Adjusted EBITDA <sup>(1)</sup> from continuing operations	2,078	20 %	2,103	20 %	(25)	(1)%

(1) Refer to page 3 under the heading "Non-GAAP Financial Measures" for additional information related to this financial measure.

**Revenue.** Revenue decreased by \$122 million, or 1%. The decrease was primarily due to lower sales volume and business divestitures. These decreases were partially offset by an overall increase in pricing, primarily resulting from the pass-through of higher commodity costs.

**Cost of Sales.** Cost of sales decreased by \$57 million, or 1%. The decrease was primarily due to lower sales volume and business divestitures. These decreases were partially offset by higher raw material costs.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$148 million, or 13%. The decrease included a 2016 pension expense of \$65 million in Corporate due to the assumption of pension liabilities in the prior year. The decrease also included \$28 million of lower advertising costs at Reynolds Consumer Products and lower employee-related costs. Selling, marketing and distribution expenses and general and administration expenses as a percentage of revenue decreased 1%.

**Net Other.** Net other expenses increased by \$6 million to \$78 million. The increase includes an unfavorable change in unrealized gains and losses on derivatives and an increase in losses on disposal of businesses and non-current assets. Partially offsetting these unfavorable changes were a decrease in the related party management fee and a favorable foreign currency impact.

**Net Financial Income (Expenses).** Net financial expenses decreased by \$172 million to \$701 million. The decrease was primarily due to a \$227 million decrease in interest expense as a result of debt repayments and a decrease of \$101 million in losses on extinguishment of debt. These decreases were partially offset by an unfavorable change of \$105 million in the fair value of embedded derivatives and a \$57 million unfavorable change in foreign currency exchange gains and losses. For more information regarding financial income (expenses) and borrowings, refer to notes 8 and 15.

**Income Tax.** We recognized income tax expense of \$81 million on profit before income tax of \$521 million (an effective tax rate of 16%) compared to income tax expense of \$105 million on profit before income tax of \$272 million (an effective tax rate of 39%) for the prior year. The effective tax rate for the year ended December 31, 2017 is primarily the result of: (i) legislative changes enacted in the United States, (ii) the mix of book income and losses taxed at varying rates among the jurisdictions in which the RGHL Group operates and (iii) the inability to realize a tax benefit for losses and other temporary differences in certain jurisdictions. For a reconciliation of income tax expense, refer to note 9.

**Depreciation and Amortization.** Depreciation and amortization decreased by \$33 million, or 5%. The decrease was due to lower depreciation expense for certain assets which became fully depreciated during the year.

**Discontinued Operations, Net of Income Tax.** Loss from discontinued operations decreased by \$5 million primarily due to a prior year allocation of a related party management fee and foreign currency impact on the euro-denominated consideration receivable, partially offset by reduced interest income on the consideration receivable.



## EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the RGHL Group is as follows:

(In \$ million)	For the year ended December 31,	
	2017	2016
<b>Profit from operating activities</b>	<b>1,222</b>	<b>1,145</b>
Depreciation and amortization from continuing operations	674	707
<b>RGHL Group EBITDA<sup>(1)</sup> from continuing operations</b>	<b>1,896</b>	<b>1,852</b>
<b>Included in the RGHL Group EBITDA:</b>		
Asset impairment charges, net of reversals	45	45
(Gain) loss on sale or disposal of businesses and non-current assets	10	4
Non-cash change in multi-employer pension plan withdrawal liability	—	(11)
Non-cash pension expense, net of settlement gain	58	124
Operational process engineering-related consultancy costs	15	21
Related party management fee	31	40
Restructuring costs, net of reversals	23	49
Unrealized (gain) loss on derivatives	—	(20)
Other	—	(1)
<b>RGHL Group Adjusted EBITDA<sup>(1)</sup> from continuing operations</b>	<b>2,078</b>	<b>2,103</b>
<b>Segment detail of Adjusted EBITDA:</b>		
Reynolds Consumer Products	660	650
Pactiv Foodservice	677	662
Graham Packaging	397	421
Evergreen	258	270
Closures	131	138
Corporate/Unallocated <sup>(2)</sup>	(45)	(38)
<b>RGHL Group Adjusted EBITDA from continuing operations</b>	<b>2,078</b>	<b>2,103</b>

(1) Refer to page 3 under the heading "Non-GAAP Financial Measures" for additional information related to these financial measures.

(2) Corporate/Unallocated includes holding companies and certain debt issuer companies which support the entire RGHL Group and which are not part of a specific segment. It also includes eliminations of transactions between segments.

## Reynolds Consumer Products Segment

(In \$ million, except for %)	For the year ended December 31,					
	2017	% of segment revenue	2016	% of segment revenue	Change	% change
External revenue	2,807	95 %	2,790	95 %	17	1 %
Inter-segment revenue	152	5 %	146	5 %	6	4 %
Total segment revenue	2,959	100 %	2,936	100 %	23	1 %
Cost of sales	(2,106)	(71)%	(2,063)	(70)%	(43)	(2)%
Gross profit	853	29 %	873	30 %	(20)	(2)%
Selling, marketing and distribution expenses/ General and administration expenses	(287)	(10)%	(316)	(11)%	29	9 %
Net other income (expenses)	4	— %	9	— %	(5)	(56)%
Profit from operating activities	570	19 %	566	19 %	4	1 %
Reynolds Consumer Products segment Adjusted EBITDA	660	22 %	650	22 %	10	2 %

**Revenue.** Total segment revenue increased by \$23 million, or 1%. Price increases primarily resulting from higher raw material costs were partially offset by a decrease in sales volume.

**Cost of Sales.** Cost of sales increased by \$43 million, or 2%. The increase was primarily due to an increase of \$54 million in raw material costs and higher manufacturing costs, partially offset by lower sales volume. For the years ended December 31, 2017 and 2016, raw material costs accounted for 66% of Reynolds Consumer Products' cost of sales.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$29 million, or 9%. The decrease was primarily due to \$28 million of lower advertising cost, partially due to new product launch advertising in 2016.

**Net Other.** Net other income decreased by \$5 million to \$4 million. The decrease was primarily due to an unfavorable change in unrealized gains and losses on derivatives. This item has been included in the segment's Adjusted EBITDA calculation.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Reynolds Consumer Products segment is as follows:

(In \$ million)	For the year ended December 31,	
	2017	2016
<b>Profit from operating activities</b>	<b>570</b>	<b>566</b>
Depreciation and amortization	86	92
<b>EBITDA</b>	<b>656</b>	<b>658</b>
<b>Included in Reynolds Consumer Products segment EBITDA:</b>		
Restructuring costs, net of reversals	5	—
Unrealized (gain) loss on derivatives	(4)	(8)
Other	3	—
<b>Reynolds Consumer Products segment Adjusted EBITDA</b>	<b>660</b>	<b>650</b>

## Pactiv Foodservice Segment

(In \$ million, except for %)	For the year ended December 31,					
	2017	% of segment revenue	2016	% of segment revenue	Change	% change
External revenue	3,237	87 %	3,254	87 %	(17)	(1)%
Inter-segment revenue	492	13 %	494	13 %	(2)	— %
Total segment revenue	3,729	100 %	3,748	100 %	(19)	(1)%
Cost of sales	(3,008)	(81)%	(3,057)	(82)%	49	2 %
Gross profit	721	19 %	691	18 %	30	4 %
Selling, marketing and distribution expenses/ General and administration expenses	(268)	(7)%	(300)	(8)%	32	11 %
Net other income (expenses)	(51)	(1)%	(33)	(1)%	(18)	(55)%
Profit from operating activities	402	11 %	358	10 %	44	12 %
Pactiv Foodservice segment Adjusted EBITDA	677	18 %	662	18 %	15	2 %

**Revenue.** Total segment revenue decreased by \$19 million, or 1%. The decrease was primarily due to \$68 million from business divestitures and unfavorable sales volume across the ongoing business. These decreases were partially offset by \$74 million of higher pricing passed through, net of product mix impacts.

**Cost of Sales.** Cost of sales decreased by \$49 million, or 2%. The decrease was primarily due to business divestitures, lower depreciation expense and lower restructuring costs. These decreases were partially offset by higher raw material and manufacturing costs. For the years ended December 31, 2017 and 2016, raw material costs accounted for 59% and 57% of Pactiv Foodservice's cost of sales, respectively.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$32 million, or 11%. The decrease was primarily due to lower operational process engineering-related consultancy costs and lower employee-related costs as a result of prior year restructuring initiatives as well as business divestitures.

**Net Other.** Net other expenses increased by \$18 million to \$51 million. The increase was primarily due to increased asset impairment charges, net of reversals and an unfavorable change in unrealized gains and losses on derivatives. These items have been included in the segment's Adjusted EBITDA calculation.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Pactiv Foodservice segment is as follows:

(In \$ million)	For the year ended December 31,	
	2017	2016
Profit from operating activities	402	358
Depreciation and amortization	205	223
<b>EBITDA</b>	<b>607</b>	<b>581</b>
<b>Included in Pactiv Foodservice segment EBITDA:</b>		
Asset impairment charges, net of reversals	36	28
(Gain) loss on sale or disposal of businesses and non-current assets	11	9
Operational process engineering-related consultancy costs	12	21
Restructuring costs, net of reversals	8	31
Unrealized (gain) loss on derivatives	2	(7)
Other	1	(1)
<b>Pactiv Foodservice segment Adjusted EBITDA</b>	<b>677</b>	<b>662</b>

## Graham Packaging Segment

(In \$ million, except for %)	For the year ended December 31,					
	2017	% of segment revenue	2016	% of segment revenue	Change	% change
External revenue	2,147	100 %	2,223	100 %	(76)	(3)%
Inter-segment revenue	—	— %	—	— %	—	— %
Total segment revenue	2,147	100 %	2,223	100 %	(76)	(3)%
Cost of sales	(1,824)	(85)%	(1,888)	(85)%	64	3 %
Gross profit	323	15 %	335	15 %	(12)	(4)%
Selling, marketing and distribution expenses/ General and administration expenses	(188)	(9)%	(196)	(9)%	8	4 %
Net other income (expenses)	—	— %	(6)	— %	6	100 %
Profit from operating activities	135	6 %	133	6 %	2	2 %
Graham Packaging segment Adjusted EBITDA	397	18 %	421	19 %	(24)	(6)%

**Revenue.** Total segment revenue decreased by \$76 million, or 3%. The decrease was primarily due to a decrease in sales volume, the impact of business divestitures and a decline in pricing. The decrease in sales volume was primarily due to overall market demand and net contract losses.

**Cost of Sales.** Cost of sales decreased by \$64 million, or 3%. The decrease was primarily due to lower sales volume, lower depreciation expense as certain assets became fully depreciated and the impact of the business divestitures, partially offset by higher raw material costs. For the years ended December 31, 2017 and 2016, raw material costs accounted for 52% of Graham Packaging's cost of sales.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$8 million, or 4%. The decrease was primarily due to a decrease in restructuring costs and the impact of cost savings initiatives.

**Net Other.** Net other expenses decreased by \$6 million. The decrease was primarily due to lower asset impairment charges. This item has been included in the segment's Adjusted EBITDA calculation.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Graham Packaging segment is as follows:

(In \$ million)	For the year ended December 31,	
	2017	2016
Profit from operating activities	135	133
Depreciation and amortization	257	269
<b>EBITDA</b>	<b>392</b>	<b>402</b>
<b>Included in Graham Packaging segment EBITDA:</b>		
Asset impairment charges, net of reversals	7	11
(Gain) loss on sale or disposal of businesses and non-current assets	(6)	(5)
Restructuring costs, net of reversals	4	12
Other	—	1
<b>Graham Packaging segment Adjusted EBITDA</b>	<b>397</b>	<b>421</b>

## Evergreen Segment

(In \$ million, except for %)	For the year ended December 31,					
	2017	% of segment revenue	2016	% of segment revenue	Change	% change
External revenue	1,448	93 %	1,467	93 %	(19)	(1)%
Inter-segment revenue	114	7 %	113	7 %	1	1 %
Total segment revenue	1,562	100 %	1,580	100 %	(18)	(1)%
Cost of sales	(1,286)	(82)%	(1,265)	(80)%	(21)	(2)%
Gross profit	276	18 %	315	20 %	(39)	(12)%
Selling, marketing and distribution expenses/ General and administration expenses	(82)	(5)%	(95)	(6)%	13	14 %
Net other income (expenses)	3	— %	7	— %	(4)	(57)%
Profit from operating activities	197	13 %	227	14 %	(30)	(13)%
Evergreen segment Adjusted EBITDA	258	17 %	270	17 %	(12)	(4)%

**Revenue.** Total segment revenue decreased by \$18 million, or 1%. The decrease was primarily due to a decline in pricing, primarily in paper products and liquid packaging board as a result of ongoing market conditions and competitive pressures, partially offset by increased pricing in carton packaging. Sales volume was flat with decreases in carton packaging and paper products offset by an increase in liquid packaging board.

**Cost of Sales.** Cost of sales increased by \$21 million, or 2%. The increase was primarily due to unfavorable raw material and freight costs. The prior year period included a non-cash reduction in the multi-employer pension plan withdrawal liability. This item has been included in the segment's Adjusted EBITDA calculation. For the years ended December 31, 2017 and 2016, raw material costs accounted for 41% and 42% of Evergreen's cost of sales, respectively.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$13 million, or 14%. The decrease was primarily due to lower employee-related costs.

**Net Other.** Net other income decreased by \$4 million to \$3 million.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Evergreen segment is as follows:

(In \$ million)	For the year ended December 31,	
	2017	2016
Profit from operating activities	197	227
Depreciation and amortization	59	57
<b>EBITDA</b>	<b>256</b>	<b>284</b>
<b>Included in Evergreen segment EBITDA:</b>		
Non-cash change in multi-employer pension plan withdrawal liability	—	(10)
Other	2	(4)
<b>Evergreen segment Adjusted EBITDA</b>	<b>258</b>	<b>270</b>



## Closures Segment

(In \$ million, except for %)	For the year ended December 31,					
	2017	% of segment revenue	2016	% of segment revenue	Change	% change
External revenue	885	98 %	912	98 %	(27)	(3)%
Inter-segment revenue	16	2 %	16	2 %	—	— %
Total segment revenue	901	100 %	928	100 %	(27)	(3)%
Cost of sales	(746)	(83)%	(755)	(81)%	9	1 %
Gross profit	155	17 %	173	19 %	(18)	(10)%
Selling, marketing and distribution expenses/ General and administration expenses	(95)	(11)%	(100)	(11)%	5	5 %
Net other income (expenses)	(8)	(1)%	(8)	(1)%	—	— %
Profit from operating activities	52	6 %	65	7 %	(13)	(20)%
Closures segment Adjusted EBITDA	131	15 %	138	15 %	(7)	(5)%

**Revenue.** Total segment revenue decreased by \$27 million, or 3%. The decrease was primarily due to lower pricing primarily as a result of competitive pressures, lower sales volume and an unfavorable foreign currency impact.

**Cost of Sales.** Cost of sales decreased by \$9 million, or 1%. The decrease was primarily due to favorable manufacturing costs, lower sales volumes and a favorable foreign currency impact. These decreases were partially offset by higher raw material costs, mostly resin. For the years ended December 31, 2017 and 2016, raw material costs accounted for 59% of Closures' cost of sales.

**Selling, Marketing and Distribution Expenses/General and Administration Expenses.** Selling, marketing and distribution expenses and general and administration expenses decreased by \$5 million, or 5%.

**Net Other.** Net other expenses remained flat at \$8 million.

### EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for our Closures segment is as follows:

(In \$ million)	For the year ended December 31,	
	2017	2016
Profit from operating activities	52	65
Depreciation and amortization	66	65
<b>EBITDA</b>	<b>118</b>	<b>130</b>
<b>Included in Closures segment EBITDA:</b>		
Asset impairment charges, net of reversals	2	6
(Gain) loss on sale or disposal of businesses and non-current assets	6	—
Other	5	2
<b>Closures segment Adjusted EBITDA</b>	<b>131</b>	<b>138</b>

**Corporate/Unallocated**

(In \$ million, except for %)	For the year ended December 31,		Change	% change
	2017	2016		
Gross profit (loss)	(6)	—	(6)	NM
Selling, marketing and distribution expenses/General and administration expenses	(102)	(163)	61	37 %
Net other income (expenses)	(26)	(41)	15	37 %
Loss from operating activities	(134)	(204)	70	34 %
Corporate/Unallocated Adjusted EBITDA	(45)	(38)	(7)	(18)%

*Selling, Marketing and Distribution Expenses/General and Administration Expenses.* Selling, marketing and distribution expenses and general and administration expenses decreased by \$61 million, or 37%. Non-cash pension expense decreased by \$65 million due to the assumption of pension liabilities in the prior year, net of settlement gains associated with various initiatives to reduce the future administrative costs of pension plans. For further information, refer to note 16. Non-cash pension expense, net of settlement gain has been included in the segment's Adjusted EBITDA calculation.

*Net Other.* Net other expenses decreased by \$15 million to \$26 million. The decrease was primarily due to a decrease in the related party management fee. This item has been included in the Adjusted EBITDA calculation.

**EBITDA/Adjusted EBITDA Reconciliation**

The reconciliation of loss from operating activities to EBITDA and Adjusted EBITDA for Corporate/Unallocated is as follows:

(In \$ million)	For the year ended December 31,	
	2017	2016
<b>Loss from operating activities</b>	<b>(134)</b>	<b>(204)</b>
Depreciation and amortization	1	1
<b>EBITDA</b>	<b>(133)</b>	<b>(203)</b>
<b>Included in Corporate/Unallocated EBITDA:</b>		
Non-cash pension expense, net of settlement gain	58	124
Related party management fee	31	40
Other	(1)	1
<b>Corporate/Unallocated Adjusted EBITDA</b>	<b>(45)</b>	<b>(38)</b>

**Differences Between the RGHL Group and BP I Group Results of Operations**

The indentures governing certain of our outstanding notes also require us to provide certain information for BP I and its consolidated subsidiaries (together "BP I Group"). The information presented in the RGHL Group audited consolidated financial statements is substantially equivalent to the information that is presented in the BP I Group consolidated financial statements. BP I Group consolidated financial statements are included in this annual report pursuant to Rule 3-16 of Regulation S-X because the book value of the capital stock of BP I constitutes a substantial portion of the collateral that secures the Reynolds Senior Secured Notes.

RGHL is a holding company. Consequently, there are no differences between the revenue and gross profit amounts presented in the RGHL Group audited consolidated financial statements and the revenue and gross profit amounts presented in the BP I Group financial statements. The differences in the profit (loss) before income tax are primarily due to related party interest income and expenses that are recognized by RGHL, intercompany amounts between RGHL and the members of BP I Group that eliminate on consolidation of the RGHL Group, foreign currency exchange movements on the related party balances of RGHL, management fee expense recognized by RGHL and incidental RGHL corporate expenses, as applicable in a given year.

Differences between the RGHL Group statement of financial position and the financial position of BP I Group are primarily attributable to the related party receivables and borrowings of RGHL and balances between RGHL and BP I Group.

Differences between the RGHL Group statement of cash flows and the cash flows of BP I Group primarily relate to the management fee, loans with RGHL and transactions associated with share capital.

## Liquidity and Capital Resources

### Historical Cash Flows

The following table discloses the RGHL Group's cash flows for the years presented:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Net cash flows from (used in) operating activities	950	840	876
Net cash flows from (used in) investing activities	(440)	(359)	(157)
Net cash flows from (used in) financing activities	(357)	(785)	(1,749)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>153</b>	<b>(304)</b>	<b>(1,030)</b>

#### Cash Flows from (used in) Operating Activities

Cash provided by operations was \$950 million in 2018 compared to \$840 million for the year ended December 31, 2017, an increase in cash inflows of \$110 million. The increase was driven by favorable working capital fluctuations, a decrease of \$53 million in cash tax payments, net of refunds, partially due to U.S. tax legislative changes and a decrease of \$25 million in interest payments due to a reduction in outstanding principal borrowings.

Cash provided by operations was \$840 million in 2017 compared to \$876 million for the year ended December 31, 2016, a decrease of \$36 million in cash inflows. Working capital increased by \$263 million, primarily related to increases in accounts receivable and inventory. Cash tax payments, net of refunds, increased by \$33 million. Interest payments decreased by \$265 million due to a reduction in outstanding principal borrowings. Redemption premium payments decreased by \$111 million due to lower repayments of borrowings. Refer to note 15 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report for additional information regarding these transactions.

#### Cash Flows from (used in) Investing Activities

Cash used in investing activities was \$440 million in 2018 compared to cash used in investing activities of \$359 million in the prior year, a change of \$81 million. The current year includes an increase of \$175 million in capital expenditures, partially offset by an increase of \$74 million in net cash proceeds from business divestitures. Refer to "— Capital Expenditures" for additional information regarding expenditures on property, plant and equipment and intangible assets.

Cash used in investing activities was \$359 million for the year ended December 31, 2017 compared to cash used in investing activities of \$157 million for the year ended December 31, 2016, a change of \$202 million. The year ended December 31, 2016 included net cash proceeds of \$162 million of contingent consideration received from the sale of SIG, a segment we sold in 2015. The year ended December 31, 2017 included \$44 million of proceeds received from the sale of various businesses and an increase of \$86 million in capital expenditures. Refer to "— Capital Expenditures" for additional information regarding expenditures on property, plant and equipment and intangible assets.

#### Cash Flows from (used in) Financing Activities

The net cash outflow during each respective year is summarized as follows:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Drawdown of borrowings	—	452	4,706
Repayment of borrowings	(352)	(1,221)	(6,339)
Payment of debt transaction costs	—	(10)	(110)
Other	(5)	(6)	(6)
<b>Net cash outflow</b>	<b>(357)</b>	<b>(785)</b>	<b>(1,749)</b>

Refer to note 15 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report for additional information related to each of our borrowings.

#### Capital Expenditures

Capital expenditures increased by \$175 million, or 43%, to \$585 million in the current year. The increase reflects higher investments made in the current year.

We expect to incur approximately \$650 million in capital expenditures during 2019 (excluding acquisitions) largely to support business growth, cost reduction and business maintenance. We expect to fund these expenditures with cash flows from operations. Actual capital expenditures may differ.

Capital expenditures increased by \$86 million, or 27%, in 2017 compared to 2016. The increase reflects higher investments made in 2017 as well as the timing of expenditures.

#### Capital Resources

We have substantial debt and debt service obligations. As of December 31, 2018, our total indebtedness of \$11,076 million was comprised of the outstanding principal amounts of our borrowings.

We have pledged assets that secure the Reynolds Senior Secured Notes and the Credit Agreement. The collateral consists of substantially all the assets of the issuers and the guarantors.

As of December 31, 2018, the Credit Agreement included a revolving facility of \$302 million, which was utilized in the amount of \$58 million in the form of bank guarantees and letters of credit.

Certain members of the RGHL Group are parties to the Securitization Facility pursuant to which the RGHL Group can borrow up to \$600 million. The amount that can be borrowed is calculated by reference to a funding base determined by the amount of eligible trade receivables of certain members of the RGHL Group. As of December 31, 2018, the RGHL Group had drawn \$420 million under the Securitization Facility.

We may from time to time seek to issue additional indebtedness depending on market conditions, our liquidity requirements and other considerations.

We or our affiliates may from time to time seek to retire or repurchase our outstanding indebtedness in open market purchases, privately negotiated transactions or otherwise. Such transactions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other considerations.

### **Sources of Liquidity**

Our sources of liquidity for the future are expected to be our existing cash resources, cash flows from operations, drawings under the revolving credit facility of our Credit Agreement, borrowings under the Securitization Facility and local working capital facilities. In addition to our cash and cash equivalents and availability under our Securitization Facility, as of December 31, 2018, we had \$244 million available for drawing under our revolving credit facility. Our revolving credit facility matures in August 2021. Our Securitization Facility matures in March 2022.

Our ability to borrow under our revolving credit facility, the Securitization Facility or our other local working capital facilities may be limited by the terms of such indebtedness or other indebtedness (including the Reynolds Notes), including financial covenants.

On January 15, 2018, the RGHL Group repaid upon maturity all of the \$16 million aggregate principal amount outstanding of the 6.400% Notes due 2018 plus accrued and unpaid interest.

On February 15, 2018, the RGHL Group repaid \$300 million aggregate principal amount of the outstanding 6.875% Senior Secured Notes due 2021 at a redemption price of 101.146% plus accrued and unpaid interest.

As of December 31, 2018, our total indebtedness of \$11,076 million was comprised of the outstanding principal amounts of our borrowings. Our 2019 annual cash interest obligations on our Credit Agreement, the Reynolds Notes, the Securitization Facility and our other indebtedness are expected to be approximately \$620 million, assuming interest on our floating rate debt not covered by interest rate swaps continues to accrue at the current interest rates and there is no change in the current euro-to-U.S. dollar exchange rate for euro-denominated obligations. We expect to meet our debt service obligations with our existing cash resources and cash flows from operations, which we believe will be adequate to meet our obligations for the next year. Refer to note 15 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report for details related to our debt and related repayment terms.

Under the indentures governing the Reynolds Notes, we may incur additional indebtedness either by satisfying certain incurrence tests or by incurring such additional indebtedness under certain specific categories of permitted debt. Indebtedness may be incurred under the incurrence tests if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis and (i) under the indentures governing certain of our Reynolds Senior Secured Notes, the liens securing first lien secured indebtedness do not exceed a 3.50 to 1.00 senior secured first lien leverage ratio, (ii) under the indenture governing the 5.125% Senior Secured Notes due 2023 and the Floating Rate Senior Secured Notes due 2021, the liens securing first lien secured indebtedness do not exceed a 4.50 to 1.00 senior secured first lien leverage ratio and (iii) under the indentures governing our Reynolds Senior Notes, the liens securing any secured indebtedness do not exceed a 4.50 to 1.00 secured leverage ratio.

Under the Credit Agreement, we may incur additional indebtedness either by satisfying certain incurrence tests or by incurring such additional indebtedness under certain specific categories of permitted debt. Incremental senior secured indebtedness under the Credit Agreement and senior secured or unsecured notes in lieu thereof are permitted to be incurred up to an aggregate principal amount of \$750 million subject to pro forma compliance with the Credit Agreement's total secured leverage ratio covenant. In addition, we may incur incremental senior secured indebtedness under the Credit Agreement and senior secured notes in an unlimited amount so long as our total secured leverage ratio does not exceed 4.50 to 1.00 on a pro forma basis and (in the case of incremental senior secured indebtedness under the Credit Agreement only) we are in pro forma compliance with the Credit Agreement's total secured leverage ratio covenant. The incurrence of unsecured indebtedness, including the issuance of senior notes, and unsecured subordinated indebtedness is also permitted if the fixed charge coverage ratio is at least 2.00 to 1.00 on a pro forma basis.

The Credit Agreement and the indentures governing the Reynolds Notes generally allow subsidiaries of RGHL to transfer funds in the form of cash dividends, loans or advances within the RGHL Group.

We believe that our cash flows from operations and existing available cash, together with our other available external financing sources, will be adequate to meet our future liquidity needs for the next year. We are currently in compliance with the covenants under the Credit Agreement, the indentures governing the Reynolds Notes and our other outstanding indebtedness. We expect to remain in compliance with our covenants.

Our future operating performance and our ability to service or refinance the Credit Agreement, our outstanding notes and other indebtedness are subject to economic conditions and financial, business and other factors, many of which are beyond our control.

We may from time to time seek to issue additional indebtedness depending on market conditions, our liquidity requirements and other considerations.

We or our affiliates may from time to time seek to retire or repurchase our outstanding indebtedness in open market purchases, privately negotiated transactions or otherwise. Such transactions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other considerations.



### Embedded Derivatives

We have separately recognized embedded derivative assets in relation to the early call feature on certain borrowings. Embedded derivatives are measured at fair value with changes in fair value recognized through net financial income (expenses) in the statement of comprehensive income as a component of profit or loss. As of December 31, 2018, our non-current derivative asset associated with embedded derivatives was \$12 million. The fair value of the embedded derivatives is calculated using industry standard models that consider various assumptions, such as quoted market prices, time value and volatility factors for the underlying instruments. Changes in any one or more of these assumptions could have a significant impact on the value of embedded derivatives.

### Contractual Obligations

The following table summarizes our material contractual obligations as of December 31, 2018:

(In \$ million)	Payments, due by period, as of December 31, 2018				
	Total	Less than one year	One to three years	Three to five years	Greater than five years
Trade and other payables	1,015	1,015	—	—	—
Financial liabilities <sup>(1)</sup>	14,319	1,135	5,459	6,281	1,444
Operating leases	383	104	148	81	50
Unconditional capital expenditure obligations	159	159	—	—	—
<b>Total contractual obligations</b>	<b>15,876</b>	<b>2,413</b>	<b>5,607</b>	<b>6,362</b>	<b>1,494</b>

(1) Total repayments of financial liabilities consist of the principal amounts, fixed and floating rate interest obligations and the cash flows associated with commodity and other derivative instruments. The exchange rate on euro-denominated borrowings and the interest rate on the floating rate debt balances have been assumed to be the same as the rates in effect as of December 31, 2018.

As of December 31, 2018, our liabilities for pensions, post-employment benefits and uncertain tax positions totaled \$983 million. The ultimate timing of these liabilities cannot be determined; therefore, we have excluded these amounts from the contractual obligations table above. We expect to make no contributions to the Pactiv Retirement Plan in 2019. Expected contributions during the year ending December 31, 2019 for all other defined benefit plans are estimated to be up to \$6 million. Future contributions will be dependent on future plan asset returns and interest rates and are highly sensitive to changes.

The RGHL Group is required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were made in 2017 or 2018 or will be due in 2019 for the year ended December 31, 2018.

### Contingent Liabilities

The RGHL Group's financing agreements permit the payment to related parties of management, consulting, monitoring and advising fees (the "Management Fee") of up to 1.5% of the RGHL Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year. The Credit Agreement permits the RGHL Group to pay an additional Management Fee of up to \$22 million in respect of the 2009 and 2010 financial years. No amount has been accrued in respect of the remaining 2009 and 2010 permitted Management Fee of up to \$22 million.

As part of the agreements for the sale of various businesses, the RGHL Group has provided certain warranties and indemnities to the respective purchasers as set out in the respective sale agreements. These warranties and indemnities are subject to various terms and conditions affecting the duration and total amount of the indemnities. As of December 31, 2018, the RGHL Group is not aware of any material claims under these agreements that would give rise to an additional liability. However, if such claims arise in the future, they could have a material effect on the RGHL Group's financial position, results of operations and cash flows.

### Off-Balance Sheet Arrangements

Other than operating leases entered into in the normal course of business, we have no material off-balance sheet obligations.

### Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business we are subject to risks from adverse fluctuations in interest and foreign currency exchange rates and commodity prices. We manage these risks through a combination of an appropriate mix between variable rate and fixed rate borrowings, interest rate swaps and natural offsets of foreign currency receipts and payments, supplemented by forward foreign currency exchange contracts and commodity derivatives. Derivative contracts are not used for trading or speculative purposes. The extent to which we use derivative instruments is dependent upon our access to them in the financial markets, the costs associated with entering into such arrangements and our use of other risk management methods, such as netting exposures for foreign currency exchange risk and establishing sales arrangements that permit the pass-through of changes in commodity prices to customers. Our objective in managing our exposure to market risk is to limit the impact on earnings and cash flow.

### Interest Rate Risk

We had significant debt commitments outstanding as of December 31, 2018. These on-balance sheet financial instruments, to the extent they accrue interest at variable interest rates, expose us to interest rate risk. Our interest rate risk arises primarily on significant borrowings that are denominated in U.S. dollars and euros that are drawn under our Floating Rate Senior Secured Notes, our Credit Agreement and our Securitization Facility. As of December 31, 2018, the Floating Rate Senior Secured Notes accrued interest at a floating rate with no floor. As of December 31,





2018, the Credit Agreement included interest rate floors of 0.0% per annum on the revolving loan and the U.S. and European term loans. As of December 31, 2018, the Securitization Facility accrued interest at a floating rate with a 0% floor.

The underlying rate for our Floating Rate Senior Secured Notes due 2021 is the three-month Dollar LIBO Rate. As of December 31, 2018, the applicable three-month Dollar LIBO Rate was 2.44%. In July 2016, the RGHL Group entered into a \$750 million interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While the RGHL Group has elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is fixed at 4.670% from October 15, 2016.

The underlying rates for our Credit Agreement are the one-month LIBOR and EURIBOR, and as of December 31, 2018 the applicable rates were 2.52% and (0.36)%, respectively. Based on our outstanding debt commitments as of December 31, 2018, a one-year timeframe and all other variables, in particular foreign currency exchange rates, remaining constant, a 100 basis point increase in interest rates would result in a \$32 million increase in interest expense on the U.S. term loan and a \$2 million increase in interest expense on the European term loan under our Credit Agreement. A 100 basis point decrease in interest rates would result in a \$32 million decrease in interest expense on the U.S. term loan and would have no impact on interest expense for the European term loan due to the EURIBOR floor under our Credit Agreement.

The underlying rate for our Securitization Facility is the one-month LIBOR. As of December 31, 2018 the applicable one-month LIBOR was 2.47%. Based on our outstanding debt commitments under our Securitization Facility as of December 31, 2018, a one-year timeframe and all other variables remaining constant, a 100 basis point increase (decrease) in the underlying interest rate would result in a \$4 million increase (decrease) in interest expense.

### **Foreign Currency Exchange Rate Risk**

As a result of our international operations, we are exposed to foreign currency exchange risk arising from sales, purchases, assets and borrowings that are denominated in currencies other than the functional currencies of the respective entities. We are also exposed to foreign currency exchange risk on certain intercompany borrowings between certain of our entities with different functional currencies.

In accordance with our treasury policy, we take advantage of natural offsets to the extent possible. On a limited basis, we use contracts to hedge residual foreign currency exchange risk arising from receipts and payments denominated in foreign currencies. We generally do not hedge our exposure to translation gains or losses in respect of our non-U.S. dollar functional currency assets or liabilities. Additionally, when considered appropriate, we may enter into forward exchange contracts to hedge foreign currency exchange risk arising from specific transactions. We had no outstanding foreign currency derivative contracts as of December 31, 2018.

### **Commodity Risk**

We are exposed to commodity and other price risk principally from the purchase of resin (and its components), natural gas, electricity, aluminum and diesel. We use various strategies to manage cost exposures on certain raw material purchases with the objective of obtaining more predictable costs for these commodities. We generally enter into commodity financial instruments or derivatives to hedge commodity prices related to resin, aluminum, diesel and natural gas.

We enter into futures and swaps to reduce our exposure to commodity price fluctuations. These derivatives are implemented to either (a) mitigate the impact of the lag in timing between when raw material costs change and when we can pass through these raw material costs changes to our customers or (b) fix our input costs for a period of time. The following table provides the details of our outstanding commodity derivative contracts as of December 31, 2018.

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
High density polyethylene swaps	pound	9,600,000	\$0.85 - \$0.85	Jan 2019 - Dec 2019
Aluminum swaps	metric tonne	34,711	\$1,925.00 - \$2,499.50	Jan 2019 - Dec 2019
Aluminum Midwest Premium swaps	metric tonne	4,126	\$403.45 - \$407.85	Jan 2019 - Dec 2019
Natural gas swaps	million BTU	3,508,032	\$2.58 - \$3.14	Jan 2019 - Dec 2019
Ethylene	pound	2,730,973	\$0.29 - \$0.29	Jan 2019 - Apr 2019
Polymer-grade propylene swaps	pound	29,590,584	\$0.44 - \$0.61	Jan 2019 - Jun 2019
Benzene swaps	U.S. liquid gallon	9,826,568	\$2.24 - \$3.07	Feb 2019 - Sep 2019
Diesel swaps	U.S. liquid gallon	5,020,626	\$2.88 - \$3.42	Jan 2019 - Dec 2019
Low-density polyethylene swaps	pound	18,000,000	\$0.85 - \$0.93	Jan 2019 - Dec 2019

The fair values of the commodity derivative contracts are derived from inputs based on quoted market prices or traded exchange market prices and represent the estimated amounts that we would pay or receive to terminate the contracts. As of December 31, 2018, the estimated fair values of the outstanding commodity derivative contracts were a net liability of \$17 million. During the year ended December 31, 2018, we recognized a \$22 million unrealized loss in net other income (expenses) in the profit or loss component of the statement of comprehensive income and a \$18 million realized loss as a component of cost of sales in the statement of comprehensive income related to commodity derivatives.

A 10% upward (downward) movement in the price curve used to value the commodity derivative contracts, applied as of December 31, 2018, would have resulted in a \$2 million increase (decrease) in unrealized losses recognized in the statement of comprehensive income assuming all other variables remain constant.

## **Accounting Principles**

Our financial statements are prepared in accordance with IFRS and International Financial Reporting Interpretations Committee Interpretations as issued by the IASB.

## **Critical Accounting Policies**

Our critical accounting policies are those that we believe are most important to the presentation of our financial position and results of operations and that require the most difficult, subjective or complex judgments. In many cases, the accounting treatment of a particular transaction is specifically dictated by IFRS with no need for the application of judgment. For more information, refer to note 4 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report. In certain circumstances, however, the preparation of our consolidated financial statements in conformity with IFRS requires us to use our judgment to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. We believe the policies described below are our most critical accounting policies.

### ***Impairment of Goodwill, Intangible Assets and Property, Plant and Equipment***

We assess the carrying values of goodwill, identifiable intangible assets and property, plant and equipment in accordance with International Accounting Standard ("IAS") 36, "Impairment of Assets." Goodwill and intangibles with indefinite useful lives are assessed for impairment at least annually. Other non-current assets are tested when a triggering event may indicate the existence of impairment. If any such indication of impairment exists, the asset's recoverable amount is determined.

The recoverable amount of an asset or cash generating unit ("CGU") is the greater of its fair value less costs to dispose and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In assessing the fair value less costs to dispose, the forecasted future Adjusted EBITDA to be generated by the asset or CGU being assessed is multiplied by earnings multiples.

The estimated fair value less costs to dispose of the Reynolds® and Hefty® trademarks have first been determined as individual assets using the relief from royalty method.

The recoverability of goodwill is tested at the individual segment level, which is the lowest level within the RGHL Group at which goodwill is monitored for internal management purposes. The recoverability of indefinite life intangible assets is tested at a group of CGUs that supports the indefinite life intangible assets. For all years presented in this annual report, the recoverability analysis was based on fair value less costs to dispose.

In estimating fair values, we make significant judgments with respect to the revenue, forecasted 2019 Adjusted EBITDA, discount rates and useful lives of our assets. The values assigned to key assumptions represent management's assessment of future trends in the segment's industry and are based on both external and internal sources. We believe we make every reasonable effort to ensure that we accurately estimate the fair value of the assets. However, future changes in the assumptions used to make these estimates could result in the recording of an impairment loss. A hypothetical 10% change in any of the key assumptions would not result in an impairment, except for Graham Packaging, as all recoverable amounts exceeded carrying value by a substantial amount.

In performing the annual impairment test for goodwill as of December 31, 2018 and in conjunction with the RGHL Group's 2019 budgeting process, the RGHL Group determined that a goodwill impairment charge of \$206 million arose in respect of Graham Packaging. The recognition of this expense was triggered by the lower than expected performance of Graham Packaging during the year ended December 31, 2018, particularly during the three months ended December 31, 2018, and lower near term earnings expectations. The estimated recoverable amount has been determined using a fair value less costs of disposal methodology. This estimate of fair value represents a Level 3 hierarchy, which includes inputs that are not based on observable market data. The key assumptions associated with determining the estimated fair value are forecasted Adjusted EBITDA and a relevant earnings multiple. The impairment charge has been recognized in net other income (expenses) in the statement of comprehensive income. As a result of the impairment, the carrying value of Graham Packaging is the same as its recoverable amount. A reasonably possible unexpected deterioration in financial performance or adverse change in the earnings multiple may result in a further impairment.

For additional information, refer to note 4.1 and note 13 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report.

## **Income Taxes**

Determining the RGHL Group's worldwide income tax provision and income tax liability requires significant judgment and the use of accounting estimates and assumptions, some of which are highly uncertain. Each taxing jurisdiction's laws are complex and may be subject to differing interpretations by the taxpayer and the respective taxing authorities. Significant judgment is required in evaluating the RGHL Group's tax positions, including evaluating uncertainties. To the extent actual results differ from these estimates in future periods and depending on the tax strategies that we may implement, our financial position may be affected.

Deferred tax assets represent deductions available to reduce taxable income in future years. We evaluate the recoverability of deferred tax assets by assessing the adequacy of future taxable income, including reversal of taxable temporary differences, forecasted earnings and available tax planning strategies. The forecasts of future taxable income rely heavily on the use of estimates. We recognize deferred tax assets when we consider it more likely than not that the deferred tax asset will be recoverable.

In addition, certain amounts have been determined on a provisional basis as a result of recent changes in U.S. federal tax legislation. For more information, refer to note 9.2 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report.

## **Revenue Recognition**

We manufacture and sell a range of consumer food, beverage and food service packaging products. We enter into a variety of arrangements with customers, including pricing arrangements and master supply arrangements, which outline the terms under which we do business with a specific customer. We also sell to some customers solely based on purchase orders. We have concluded that for the vast majority of our revenue, our contracts with customers are either a purchase order or the combination of a purchase order with a master supply arrangement.

Revenue is recognized for these arrangements over time or at a point in time depending on our evaluation of when the customer obtains control of the promised products or services. Revenue from customer products which have no alternative use, for which an enforceable right to payment exists, is recognized over time such that a portion of revenue will be recognized prior to the delivery of these products. All other revenue is recognized at a point in time, which is typically on delivery. All revenue is recognized net of any related rebates, discounts and tax.

The nature of our contracts gives rise to several types of variable consideration. The recognition of revenue is dependent on the terms of the individual arrangements of a sale. In arriving at net revenue, we estimate the amount of deductions from revenue that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts. In addition, in certain of our businesses, we participate in customer pricing programs that provide price discounts to the ultimate end-users of our products in the form of redeemable coupons. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of anticipated performance and all information reasonably available to us, including historical and current market trends which are affected by seasonality and competitiveness of promotional programs being offered. Accumulated experience is used to estimate and provide for the expected value of these discounts. We include estimated amounts in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates are reviewed quarterly for possible revisions. In the event that future revenue deduction trends vary significantly from past or expected trends, reported revenue may increase or decrease by a material amount.

For arrangements that include multiple performance obligations, we allocate revenue to each performance obligation based on estimates of the price that would be charged to the customer for each promised product or service if it were sold on a standalone basis. The durations for these arrangements are short-term, not exceeding one year.

## **Employee Benefits**

The RGHL Group operates a number of defined benefit pension plans, which define the level of pension benefit an employee will receive on retirement. We operate defined benefit plans in several countries including the United States. We also operate post-employment medical benefit plans in the United States. Amounts recognized under these plans are determined using actuarial valuation methods. These methods involve assumptions regarding variables such as discount rate, expected salary increases, the retirement age and life expectancies of employees and future healthcare costs. These assumptions are reviewed at least annually and reflect estimates at the measurement date. Changes in these key assumptions, including the discount rate, can have a significant impact on our defined benefit obligations, future funding requirements and post-employment benefit costs recognized. While we believe that our assumptions are reasonable and appropriate, significant differences in actual experience or inaccuracies in assumptions may materially affect our benefit plan obligations and future benefit plan expense. Holding all other assumptions constant, a one-half percentage point increase in the discount rate would decrease the defined benefit obligation by \$205 million and decrease pre-tax pension expense by \$6 million. A one-half percentage point decrease in the discount rate would increase the defined benefit obligation by \$224 million and increase pre-tax pension expense by \$5 million. For more information, refer to note 16 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report.

## **Other**

We have made certain other estimates that, while not involving the same degree of judgment as the estimates described above, are important to understanding our consolidated financial statements. These estimates are in the areas of measuring our obligations related to our legal and warranty accruals, restructuring accruals and self-insurance accruals.

## **Recently Issued Accounting Pronouncements**

Refer to note 3.19 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report for information regarding new and revised accounting standards and interpretations.

## **ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES.**

We describe below the directors and senior management of RGHL and BP I and the senior management of our segments. Both of RGHL and BP I are ultimately controlled by Mr. Graeme Hart.

### **Directors of RGHL and BP I and Senior Management of the RGHL Group**

Directors of RGHL and BP I and Members of the RGHL Group's senior management and the respective principal boards are as follows:

Name	Role	Age
<b>Directors:</b>		
Graeme Hart	Sole indirect owner and Director of RGHL	63
Thomas Degnan	Director of RGHL	71
Bryce Murray	Director of RGHL and BP I (retired in 2018)	61
Helen Golding	Director of RGHL and BP I (appointed in 2018)	56
Gregory Cole	Director of RGHL and BP I	55
Allen Hugli	Director of BP I	56
<b>Senior Management of the RGHL Group:</b>		
Thomas Degnan	Chief Executive Officer of RGHL	71
Allen Hugli	Chief Financial Officer of RGHL	56
Joseph Doyle	Group Legal Counsel of RGHL	59
Lance Mitchell	Chief Executive Officer of Reynolds Consumer Products	59
John McGrath	Chief Executive Officer of Pactiv Foodservice	60
Michael King	Chief Executive Officer of Graham Packaging	39
John Rooney	Chief Executive Officer of Evergreen	55
Floyd Needham	Chief Executive Officer of Closures	50

RGHL has no independent directors. The directors do not serve a specified term and can be removed at any time by the indirect owner.

*Graeme Hart* is the sole indirect owner and a director of RGHL. He is also the ultimate owner of Carter Holt Harvey, which was previously listed on the New Zealand Stock Exchange and is in the business of building supplies and wood products, mainly in Australia and New Zealand, and the ultimate owner and a director of FRAM Group Holdings Limited ("FRAM Holdings"), a leading supplier to the light and heavy-duty vehicle aftermarket for replacement parts. In addition, Mr. Hart is the sole shareholder and a director of Rank Group Limited ("Rank Group") and a director of a number of private investment companies.

*Thomas Degnan* is a director and the Chief Executive Officer of RGHL and FRAM Holdings. He is also a director and officer of a number of companies within the RGHL Group. He also served as a director of Burns, Philp & Company Pty Limited and of Carter Holt Harvey Limited while both were public companies.

*Bryce Murray* was a director of RGHL and BP I until he retired in 2018. Mr. Murray was a member of the RGHL Audit Committee. In addition, he was a director of a number of other companies within the RGHL Group. He also was a director of FRAM Holdings, Rank Group and other entities owned by Mr. Hart. He also had primary responsibility for the operational management of the Carter Holt Harvey group of companies. He joined Rank Group in 1992 as Chief Financial Officer and held this position until 2004. During his time with Rank Group, Mr. Murray held a number of roles involving financial control, financing, acquisitions, divestments and strategy. He also served as a director of Burns, Philp & Company Pty Limited and of Carter Holt Harvey Limited while both were public companies. Prior to joining Rank Group, Mr. Murray was a partner with the accounting firm Deloitte Touche Tohmatsu. Mr. Murray retired from the board of RGHL on December 11, 2018 and from the board of BP I on November 23, 2018.

*Gregory Cole* is a director of RGHL and BP I. Mr. Cole is a member of the RGHL Audit Committee. In addition, he is a director and officer of a number of other companies within the RGHL Group. He is also a director of FRAM Holdings, Rank Group and other entities owned by Mr. Hart. He has been a senior executive of Rank Group since 2004. From 1994 to 2004, Mr. Cole was a partner with Deloitte Touche Tohmatsu, a firm he joined in 1986.

*Helen Golding* is a director of RGHL and BP I and is a member of the RGHL Audit Committee. In addition, she is an officer of a number of other companies within the RGHL Group. Ms. Golding is a director of Rank Group and a director of other entities owned by Mr. Hart. She is also Group Legal Counsel of Rank Group, a position she had held since 2006. Prior to joining Rank Group, Ms. Golding was Company Secretary and Group Legal Counsel of Burns, Philp & Company Pty Limited from 1998 to 2006. Prior to joining Burns, Philp & Company Pty Limited, she was a private practitioner in a Sydney-based law firm.

*Allen Hugli* is the Chief Financial Officer of RGHL and a director of BP I. In addition, he is a director and officer of a number of other companies within the RGHL Group. He is also the Chief Financial Officer and a director of FRAM Holdings, Rank Group and a director of other entities owned by Mr. Hart. He has been a senior executive of Rank Group since 1993. Mr. Hugli previously held positions in financial management and audit practices in Australia, Canada and New Zealand.

*Joseph Doyle* is the Group Legal Counsel of RGHL and FRAM Group Holdings Limited. Mr. Doyle was appointed RGHL's Group Legal Counsel following the Pactiv acquisition in 2010 and was appointed FRAM Group Holdings Limited's Group Legal Counsel in 2015. Prior to joining RGHL, Mr. Doyle was General Counsel for Pactiv from 2007 to 2010. Prior to joining Pactiv, he was a partner with the law firm Mayer Brown from 2001 to 2007.

*Lance Mitchell* is the Chief Executive Officer of Reynolds Consumer Products. He was appointed the Chief Executive Officer in April 2011. Prior to such appointment, he served as President of Closures. Mr. Mitchell began his role with Closures under Alcoa in February 2006. Prior to joining

Alcoa, he was the Group Vice President of PolyOne Corporation, a global polymer services company, general manager at BF Goodrich, general manager at the Geon Company and a business manager at Avery Dennison.

*John McGrath* is the Chief Executive Officer of Pactiv Foodservice. Mr. McGrath was appointed the Chief Executive Officer in November 2010 following the Pactiv acquisition. Prior to becoming Chief Executive Officer, Mr. McGrath served as Vice President of Sales, Marketing and Product Development for Pactiv's foodservice and food packaging division. Formerly, Mr. McGrath has been general manager of Pactiv's food processor business and prior to that, Vice President of Logistics. He has also held various positions in sales, marketing and product development throughout his career. Mr. McGrath is the past chairman of the Foodservice Packaging Institute.

*Michael King* is the Chief Executive Officer of Graham Packaging. He was appointed the Chief Executive Officer in late 2018. He also served as President of Graham Packaging North America from April 2017 to November 2018. Prior to Graham Packaging, Mr. King worked as the President of the FRAM Group from August 2015 to April 2017. Mr. King has held leadership assignments including Global Vice President of Sales and Marketing at Graham Packaging, Global Sales Director at Graham Packaging, General Manager of TI Automotive Fuel Systems Division and Global Director of Sales and Engineering at TI Automotive Fuel Systems. He began his career as an engineer with Lear Corporation located in Dearborn, Michigan supporting Toyota, General Motors and Ford Motor Company.

*John Rooney* is the Chief Executive Officer of Evergreen. He also served as Chief Executive Officer of the combined operations of Graham Packaging, Evergreen and Closures ("GEC") from early 2016 to late 2018 and Chief Executive Officer of Graham Packaging from November 2015 to late 2018. He also served as Chief Executive Officer of Evergreen from May 2011 to June 2016. Mr. Rooney had worked at Evergreen since 1991 in a number of progressive leadership assignments including Plant Manager, International Marketing, Business Integration and General Manager of Evergreen Packaging Equipment.

*Robert Shanahan* was the Chief Executive Officer of Evergreen. He was appointed Chief Executive Officer in June 2016. Mr. Shanahan worked at Evergreen since the acquisition of Blue Ridge Paper Products in 2007. He served Evergreen in a number of progressive leadership assignments including Mill Manager, Vice President Mill Operations and Chief Operations Officer. With over 33 years of combined experience with Champion Paper, Blue Ridge Paper Products and Evergreen, Mr. Shanahan previously served as Vice President and General Manager of Blue Ridge Paper Products and held a number of managerial and technical positions. Mr. Shanahan retired as the Chief Executive Officer of Evergreen in December 2018.

*Floyd Needham* is the Chief Executive Officer of Closures. He was appointed the Chief Executive Officer in July 2016. Prior to joining Closures, Mr. Needham was COO/President at Multi-Color Corporation, a global label converting company, from 2006 to 2016. Prior to that, Mr. Needham held various R&D, sales, manufacturing and marketing roles with Sonoco Products from 2000 to 2006 where he was GM of the Rigid Plastics Group. He began his career as an engineer with Nabisco Biscuit Division in New Jersey and Nissin Foods of Japan.

#### **Directors' Compensation and Service Contracts**

No director listed in the table above has a service contract relating to his or her position as director. Directors of RGHL and BP I do not receive compensation from the RGHL Group or BP I, respectively, and none has a contract with the RGHL Group or BP I providing for benefits on termination of employment. Thomas Degnan has entered into an employment agreement with Rank Group North America, Inc., a wholly-owned subsidiary of Rank Group. While Mr. Degnan is not an employee of the RGHL Group, we expect he will continue to spend sufficient time to perform the services of Chief Executive Officer for us.

#### **Directors' and Senior Management's Indemnification**

Many of our subsidiaries, including all of our U.S. subsidiaries, include provisions in their by-laws or other organizational documents indemnifying directors and officers and managers against any liabilities and costs incurred by such person in connection with any action or threatened action by reason of such person's serving as a director, officer or manager provided such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of such company and, with respect to any criminal action or proceeding, the person had no reason to believe his or her conduct was unlawful. In addition, Rank Group and RGHL have agreed to indemnify, subject to certain conditions and limitations, the directors and certain senior managers of the RGHL Group, including those listed in the table under the heading "- Directors of RGHL and BP I and Senior Management of the RGHL Group" above, in respect of decisions made, or actions taken, by these individuals in their capacity as directors or senior managers of certain companies in connection with certain refinancing and restructuring transactions. These indemnification agreements are jurisdiction and company specific but provide for substantially the same terms, except that the agreements contain different limitations on the indemnification obligations of Rank Group and RGHL. Additionally, we have also entered into indemnification agreements with certain officers within the RGHL Group other than our senior management. We also maintain directors and officers insurance for director's and officer's liability and legal expenses.

#### **Other**

##### **Board Committees**

RGHL's board has appointed an Audit Committee to oversee the financial reporting process including the hiring and performance of external auditors and to monitor the internal control process and the choice of accounting policies and principles. The members of the Audit Committee are Mr. Gregory Cole and Ms. Helen Golding. Effective December 11, 2018, Mr. Bryce Murray retired and Ms. Helen Golding was appointed. The Audit Committee has adopted a charter under which the Audit Committee operates. The charter provides that the Audit Committee will be appointed annually by the board. The board may remove or replace members of the Audit Committee at any time.

RGHL does not have a Compensation Committee.

##### **Employees**

RGHL and its subsidiaries had approximately 27,000 employees as of December 31, 2018 and 28,000 employees as of December 31, 2017. Further information regarding the employees of each of the five segments is included in "Item 4. Information on RGHL — Business Overview."



## **Share Ownership**

None of the directors of RGHL or BP I or the senior management of the RGHL Group directly hold shares in RGHL or BP I.

## **ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.**

### **Major Shareholders and Beneficial Ownership**

RGHL and BP I are indirectly wholly-owned by Mr. Graeme Hart. Other than Mr. Graeme Hart, no director or member of our executive team beneficially owns any shares of RGHL or BP I.

As of February 13, 2019, RGHL has issued 71,500,004 shares, which are all owned by Packaging Finance Limited, a New Zealand corporation, which is 100% owned by Packaging Holdings Limited, a New Zealand corporation, which is 100% owned by Mr. Graeme Hart. BP I has issued 382,995 shares, all of which are owned by RGHL.

### **Related Party Transactions**

Other than our strategic owner, Mr. Graeme Hart, none of the directors, members of management or shareholders of the RGHL Group has or had any interest in any transactions with us which are or were unusual in their nature or conditions or significant to our business taken as a whole and that were effected during the current or immediately preceding fiscal year, or during any earlier fiscal year and which remain in any respect outstanding or unperformed. No loans are outstanding from us to any director or member of management and there are no guarantees provided by us for the benefit of any such person. In addition to the related party transactions discussed below, from time to time we enter into other transactions with affiliates which are not material to us or our affiliates or unusual in their nature or conditions.

For purposes of the agreements referred to in this section, the Hart Group refers to (i) Mr. Graeme Hart, (ii) his spouse and members of his immediate family (including siblings, children, grandchildren and children and grandchildren by adoption) and (iii) in the event of incompetence or death of any of the persons described in clauses (i) and (ii) hereof, such person's transferee by will, estate, executor, administrator, committee or other personal representative. Below is a description of certain transactions between RGHL or its affiliates, on the one hand, and other entities owned by the Hart Group, on the other hand, in the last fiscal year through the date of this annual report.

### **Rank Group Loan Agreement**

We are party to a loan agreement with Rank Group under which Rank Group may request and, with our agreement, receive one or more advances. Advances are unsecured and repayable on demand. However, advances and interest are currently subordinated on terms such that, unless otherwise permitted, no payments can be made until the obligations under a Rank Group senior secured credit facility are repaid in full. Advances due from Rank Group accrue interest at a rate based on the average 90 day New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. Interest is only charged or accrued if demanded by us. Refer to note 20 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report for additional information.

In August 2017, Rank Group repaid \$24 million of the related party loan receivable balance and the RGHL Group, by way of a payment direction, repaid \$23 million of outstanding related party trade payable balances due to Rank Group and \$1 million of outstanding related party borrowings with Packaging Holdings Limited. For the year ended December 31, 2018 interest was charged at 5.16% to 5.26%, and for the year ended December 31, 2017, interest was charged at 5.16% to 5.25%. As of December 31, 2018 and December 31, 2017, \$328 million and \$329 million, respectively, inclusive of capitalized interest, was outstanding under the loan. As of February 13, 2019, \$331 million, including capitalized interest, was outstanding under the loan.

### **Rank Group Management Fee and Service Agreement**

The RGHL Group's financing agreements permit the payment to related parties of management, consulting, monitoring and advising fees of up to 1.5% of the RGHL Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year. During the year ended December 31, 2016, the Group entered into a services agreement with Rank Group, an entity that is also controlled by the RGHL Group's ultimate shareholder. Refer to notes 20 and 24 of the RGHL Group's audited consolidated financial statements included elsewhere in this annual report for additional information.

## **ITEM 8. FINANCIAL INFORMATION.**

### **Consolidated Financial Statements and Other Financial Information**

The consolidated financial statements and other financial information of RGHL and the consolidated financial statements and other financial information of BP I are contained in "Financial Statements" beginning on page F-1.

### **Significant Changes**

We have not experienced any significant changes since the date of the financial statements included elsewhere in this annual report, except as disclosed in this annual report.

## **ITEM 9. THE OFFER AND LISTING.**

Not applicable.

## **ITEM 10. ADDITIONAL INFORMATION.**





## **Constitution of RGHL**

Reynolds Group Holdings Limited is incorporated under the New Zealand Companies Act 1993 (the "Companies Act") and its company number is 1812226. RGHL's purposes and objectives are not expressly stated in its constitution (the "Constitution"). Under the Companies Act, RGHL has full capacity to carry on or undertake any business or activity, do any act, or enter into any transaction.

The following information includes summary descriptions of matters governed by the Constitution and is not meant to be a complete description.

### ***Directors***

The board of directors of RGHL (the "Board"), is responsible for managing the business and affairs of RGHL in accordance with the Companies Act and the Constitution, and the Board is vested with all the powers necessary to do this.

### ***Interested Directors***

A director who is interested (as that term is defined in section 139 of the Companies Act) in a transaction entered into by RGHL may:

- a. vote on any matter relating to the transaction;
- b. attend a meeting of the Board at which any matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum;
- c. sign a document relating to the transaction on behalf of RGHL; and
- d. do any other thing in his capacity as a director in relation to the transaction,

as if the director was not interested in such transaction.

### ***Remuneration and Benefits***

The Constitution provides that the Board may, if the Board is satisfied that doing so is fair to RGHL, approve compensation or loans to Board members; however, no Board member currently receives any compensation for services as a director.

### ***Borrowing***

RGHL's directors have all the powers necessary for managing RGHL's business and affairs, including the power to borrow. There are no restrictions in the Constitution limiting the power of the Board to borrow on behalf of RGHL.

### ***Age Limit of Directors***

There is no age limit of directors contained in the Constitution. However, the Companies Act disqualifies persons under 18 years of age from holding office as a director of a company.

### ***Director's Shareholding Qualification***

There is no requirement for a director to hold shares in RGHL.

## **Shares**

### ***Dividends***

Dividends on shares can be authorized by the Board at its discretion (subject to the Companies Act and Constitution). Prior to authorizing the payment of a dividend, the Board must be satisfied on reasonable grounds that RGHL will, immediately after payment of the dividend, satisfy the solvency test. The amount of dividends paid on each class of shares will be determined from time to time by the Board.

### ***Voting Rights***

All shares of RGHL have equal voting rights.

### ***Alteration of Rights***

Under the Constitution and the Companies Act, the rights attaching to RGHL's shares can be varied or abrogated only with the consent of the holders of at least 75% of the issued shares of that class that may be affected, entitled to vote and who vote on the resolution to alter the rights.

### ***Redemption***

The Constitution allows the Board to issue shares which are redeemable.

### ***Share in Surplus on Liquidation***

On a distribution of capital in the event of liquidation, the Constitution gives shareholders the right to a proportional share in the distribution of RGHL's surplus assets. With the approval of shareholders by ordinary resolution, the Constitution allows the liquidator of RGHL to divide amongst the shareholders in kind the whole or any part of the assets of the company.

### *Share in RGHL's Profit*

The Constitution does not provide shareholders with any additional rights to share in RGHL's profits other than the right to dividends and the right to share in the distribution of RGHL's surplus assets upon the liquidation of the company.

### *Sinking Fund Provisions*

The Constitution does not contain any sinking fund provisions.

### *Restrictions on Ownership*

The Constitution does not contain limitations on the rights of any person to own securities.

### ***Voting & Shareholders' Meetings***

Shareholders' meetings are convened with at least 10 working days' advance notice in writing. Notice must be given to all shareholders entitled to attend shareholders' meetings. The quorum required for such meetings is present if shareholders or their representatives are present representing the majority of votes to be cast on the business to be transacted at the meeting. If a meeting is adjourned because of a lack of quorum, (a) in the case of a meeting called by the Board on the written request of shareholders representing at least 5% of the voting rights entitled to be exercised on the issue voted at the meeting, the meeting will be dissolved or (b) for any other meeting the meeting shall be adjourned for one week and the holders of shares (or their proxies or representatives) present at the adjourned meeting will be a quorum.

An ordinary resolution requires the affirmative vote of a simple majority of the shareholders who, being entitled to do so, vote on the resolution. Special resolutions must be passed by a majority of 75% of the votes of shareholders who are entitled to, and do, vote on the resolution.

Voting at any shareholders' meeting is by a show of hands or a vote by voice unless a poll is demanded. If the Board determines that a meeting is held by audio or audio and visual communication, shareholders may vote at the meeting by signifying individually assent or dissent by voice. Each shareholder will be entitled to one vote on a show of hands or a vote by voice, notwithstanding how many shares it holds. On a poll, each shareholder will be entitled to one vote per fully paid share it holds (or, in relation to shares which are not fully paid, the equivalent fraction of a vote).

A poll may be demanded by the chairperson or at least five holders of shares having the right to vote at the meeting. A poll may also be demanded by any holder or holders of shares representing not less than 10% of the total voting rights of all the holders of shares having the right to vote at the meeting or by a holder or holders of shares conferring a right to vote at the meeting and on which the aggregate amount paid up is not less than 10% of the total amount paid up on all shares that confer that right.

A shareholder may exercise its right to vote at a meeting by attending in person or by having its proxy or representative attend the meeting.

### ***Change of Control Provisions***

The Constitution does not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of RGHL.

### ***Material Contracts***

Below is a summary of material contracts, other than contracts entered into in the ordinary course of business, which RGHL or any member of the RGHL Group entered into or performed or that were otherwise outstanding during the past two years.

### ***Financing Agreements***

Below is a description of our key financing agreements, including our Credit Agreement and the Reynolds Notes. Copies of the key documents to these financing agreements are filed as exhibits to this annual report. The descriptions below are qualified in their entirety by the actual documents.

#### ***Credit Agreement***

On August 5, 2016, RGHL and certain of its subsidiaries entered into an amendment and incremental assumption agreement which amended and restated the Credit Agreement and incurred thereunder \$3,323 million of term loans (the "U.S. Term Loans"), €250 million of term loans (the "European Term Loans" and, together with the U.S. Term Loans, the "Term Loans") and a revolving credit facility of \$302 million (the "Revolving Loans"). On August 5, 2016, concurrent with the incurrence of the Term Loans and the Revolving Loans under the Credit Agreement, the borrowers under the Credit Agreement repaid in full the term loans then outstanding under the Credit Agreement.

On October 7, 2016, RGHL and certain of its subsidiaries entered into an incremental assumption agreement to the Credit Agreement pursuant to which \$1,350 million of new incremental U.S. Term Loans were incurred under the existing Credit Agreement. Also on October 7, 2016 the RGHL Group guarantors reaffirmed their existing guarantees and security to support the obligations under the Credit Agreement (including the new incremental U.S. Term Loans).

On February 7, 2017, RGHL and certain of its subsidiaries entered into an incremental assumption agreement, related to the Credit Agreement, and incurred \$3,315 million and €249 million of term loans thereunder. The proceeds of these incremental term loans were used to repay in full the outstanding U.S. and European term loans under the Credit Agreement.

### *Structure*

As of December 31, 2018, the senior secured credit facilities under the Credit Agreement consisted of the following:



- \$3,248 million principal amount outstanding of U.S. Term Loans which were borrowed by Reynolds Consumer Products Holdings LLC, Reynolds Group Holdings Inc., Pactiv LLC, Evergreen Packaging LLC, Reynolds Consumer Products LLC, Graham Packaging Company Inc., Closure Systems International Inc., Closure Systems International Holdings LLC and Beverage Packaging Holdings III Limited ("BP III") (together, the "U.S. Term Borrowers");
- €244 million principal amount outstanding of European Term Loans which were borrowed by Closure Systems International Limited, BP III and Pactiv LLC (together, the "European Term Borrowers"); and
- a U.S. revolving credit facility of \$302 million (of which up to \$150 million may be drawn by way of letters of credit), which is available to the U.S. Term Borrowers and the European Term Borrowers.

Incremental lenders, including the lenders under the U.S. Term Loans and the European Term Loans, share, to the extent possible, in the collateral securing the senior secured credit facilities under the Credit Agreement (and the Reynolds Senior Secured Notes) on a *pari passu* basis.

#### *Repayment, Prepayments and Amortization*

The Term Loans will mature on February 5, 2023. The Revolving Loans will mature on August 5, 2021.

Indebtedness under the Credit Agreement may be voluntarily prepaid in whole or in part, subject to minimum amounts and break funding costs.

The outstanding Term Loans under the Credit Agreement are required to be prepaid with: (a) up to 50% of excess cash flow (which will be reduced to 25% if a specified senior secured first lien leverage ratio is met); (b) 100% of the net cash proceeds of certain asset dispositions (provided that a portion of the net cash proceeds of an asset disposition may be used to prepay or repurchase the Reynolds Senior Secured Notes to the extent required under the indentures governing the Reynolds Senior Secured Notes, as applicable), subject to certain thresholds and reinvestment provisions and (c) 100% of the net proceeds of debt that is incurred in violation of the Credit Agreement.

The U.S. Term Loans and the European Term Loans amortize in quarterly installments equal to 0.25% of the principal amount thereof outstanding on February 7, 2017 (subject to certain adjustments) and, in each case, with the balance payable in full on the maturity date thereof. Quarterly amortization payments may be reduced by any mandatory or voluntary prepayments including excess cash flow payments. For the fiscal years ended December 31, 2018, 2017 and 2016, no excess cash flow payments were required.

#### *Interest Rate and Fees*

The rate of interest on loans under the Credit Agreement for each interest period is the percentage rate per annum equal to the sum of:

- (i) the applicable margin; and
- (ii) (A) in the case of alternate base rate ("ABR") borrowings, for any day, the greatest of (1) the agent's prime rate in effect on such day, (2) the Federal funds effective rate in effect on that day plus 1/2 of 1.00% and (3) the Adjusted LIBO Rate (as defined in the Credit Agreement) for a three-month interest period plus 1.00%;  
  
(B) in the case of borrowings bearing interest at a rate determined by reference to the Adjusted LIBO Rate ("Eurocurrency" borrowings) denominated in U.S. dollars, the LIBO Rate (as defined in the Credit Agreement) for the interest period in effect multiplied by statutory reserves;  
  
(C) in the case of Eurocurrency borrowings denominated in Euro, the EURIBO Rate (as defined in the Credit Agreement), or, if such rate is unavailable, the Interpolated Rate (as defined in the Credit Agreement) in the case of the European Revolving Loans or European Term Loans;  
  
(D) in the case of foreign base rate ("FBR") borrowings (the "Daily Rate" borrowings) denominated in Euro, the EURIBO Rate on such day for a three-month interest period plus 1.00%; and  
  
(E) in the case of FBR borrowings denominated in a foreign currency other than Euro, the rate defined in the applicable incremental assumption agreement.

The applicable margin with respect to the Term Loans is equal to (i) with respect to any Eurocurrency U.S. Term Loan, 2.75% per annum (or 3.00%, if the public corporate and public corporate family ratings of the RGHL Group is rated less than B/B2 by S&P and Moody's, respectively), (ii) with respect to any Eurocurrency European Term Loan, 3.25% per annum (or 3.50%, if the public corporate and public corporate family ratings of the RGHL Group is rated less than B/B2 by S&P and Moody's, respectively); (iii) with respect to any Daily Rate U.S. Term Loan, 1.75% per annum (or 2.00%, if the public corporate and public corporate family ratings of the RGHL Group is rated less than B/B2 by S&P and Moody's, respectively); and (iv) with respect to any Daily Rate European Term Loan, 2.25% per annum (or 2.50%, if the public corporate and public corporate family ratings of the RGHL Group is rated less than B/B2 by S&P and Moody's, respectively).

If there is a payment default at any time, then the interest rate applicable to overdue principal will be the rate otherwise applicable to such loan plus 2.00% per annum. Default interest will also be payable on other overdue amounts at a rate of 2.00% per annum above the rate that would apply to a Daily Rate term loan that is a U.S. Term Loan.

The borrowers are required to pay a commitment fee equal to 0.50% per annum on the daily amounts of the revolving credit facilities (whether used or unused) during the preceding quarter.

The borrowers are required to pay to each revolving lender a letter of credit participation fee, calculated at the rate equal to the margin applicable to Eurocurrency loans under the revolving credit facilities, on the outstanding amount of such lender's pro rata percentage of letter of credit exposure,

as the case may be. The relevant borrower is also required to pay any letter of credit issuing bank the fronting, issuing and drawing fees specified from time to time by such issuing bank.

#### *Guarantees and Security*

All obligations under the Credit Agreement are guaranteed by RGHL and certain of its direct and indirect subsidiaries that guarantee the Reynolds Notes, including the borrowers under the Credit Agreement and the Reynolds Notes Issuers, subject to certain legal and tax limitations and other agreed exceptions.

Total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 25% or less of the adjusted consolidated total assets of the RGHL Group as of the last day of the most recently ended fiscal quarter of RGHL for which financial statements are available, and the aggregate of the EBITDA of the non-guarantor companies is required to be 25% or less of the consolidated EBITDA of the RGHL Group for the period of four consecutive fiscal quarters of RGHL for which financial statements are available, in each case calculated in accordance with the Credit Agreement (the "Guarantor Coverage Test"). If the RGHL Group is unable to meet the Guarantor Coverage Test, the RGHL Group will be required to add additional subsidiary guarantors as necessary to satisfy such requirements. Provided that the RGHL Group meets the Guarantor Coverage Test, the RGHL Group has the ability to designate certain non-U.S. companies as excluded subsidiaries which would result in such non-U.S. companies no longer guaranteeing the Credit Agreement and being released from their guarantees of the Reynolds Notes.

All obligations under the Credit Agreement, and the guarantee of those obligations (as well as obligations under certain hedging agreements, certain local working capital facilities and certain cash management obligations), are secured by certain assets of RGHL, the borrowers and certain of the other guarantors under the Credit Agreement, subject to certain agreed limitations. Pursuant to the First Lien Intercreditor Agreement, the security interests over such assets are or will be of equal priority with the liens on the same collateral securing the Reynolds Senior Secured Notes and other future first lien obligations. The Credit Agreement may also have security over certain assets that do not secure the Reynolds Senior Secured Notes.

#### *Covenants*

RGHL and its subsidiaries are able to incur additional indebtedness, including the ability to incur (a) other senior secured notes or senior secured loans, if a total secured leverage ratio of 4.50 to 1.00 is met on a pro forma basis, (b) other senior secured or unsecured notes or senior secured or unsecured loans of up to \$750 million (less the amount of any incremental loans under the Credit Agreement) so long as RGHL is in pro forma compliance with a total secured leverage ratio covenant (whether or not such covenant is then required to be complied with), (c) unsecured indebtedness so long as the fixed charge coverage ratio of 2.00 to 1.00 is met on a pro forma basis, (d) certain permitted refinancing indebtedness in respect of the foregoing, in each case subject to other customary requirements, (e) other indebtedness of up to \$540 million at any time outstanding (or, if greater at the time of incurrence, 3.00% of consolidated total assets calculated on a pro forma basis) and (f) other senior secured notes, senior secured loans or senior unsecured notes where the net proceeds thereof are used to prepay the Term Loans. Indebtedness of the type described in clauses (a), (b) and (f) and certain permitted refinancing indebtedness thereof may be secured on a *pari passu* basis by the same collateral securing the Credit Agreement and the Reynolds Senior Secured Notes.

The Credit Agreement also contains financial, affirmative and negative covenants that we believe are usual and customary for a senior credit facility of this type. The negative covenants in the Credit Agreement include limitations (subject to agreed exceptions) on the ability of RGHL and its material subsidiaries to:

- incur additional indebtedness (including guarantees);
- incur liens;
- enter into sale and lease-back transactions;
- make investments, loans and advances;
- implement mergers, consolidations and sales of assets;
- make restricted payments or enter into restrictive agreements;
- enter into transactions with affiliates on non-arm's length terms;
- change the business conducted by RGHL and its subsidiaries;
- prepay, or make redemptions and repurchases of specified indebtedness;
- amend certain material agreements governing specified indebtedness;
- make certain amendments to the organizational documents of RGHL and its material subsidiaries; and
- change RGHL's fiscal year.

The Credit Agreement contains a total secured leverage ratio covenant not to exceed 5.00 to 1.00 on a pro forma basis. This covenant operates for the benefit of the revolver lenders and issuing banks only, and applies if the aggregate revolving credit exposure (excluding any exposure in respect of undrawn letters of credit) as of the last day of a fiscal quarter exceeds 35% of the total commitments under the revolving credit facility on such day.

### *Events of Default*

The Credit Agreement contains certain customary events of default with certain cure periods, as applicable, including:

- non-payment of principal, interest or other amounts;
- breach of covenants under the Credit Agreement and other loan documents;
- material breach of the representations or warranties;
- cross-default to other material indebtedness;
- bankruptcy or insolvency;
- material judgments;
- certain ERISA and benefits events;
- actual or asserted invalidity of any material collateral or guarantee;
- failure of material subordinated indebtedness to be validly subordinated; and
- a change of control (as defined in the Credit Agreement).

### **Local Facilities**

We have secured and unsecured local credit facilities at our subsidiaries in a number of jurisdictions. The secured local credit facilities are secured by the collateral under the Credit Agreement and the Reynolds Senior Secured Notes as well as certain other assets. Alternatively, we may also backstop these facilities with letters of credit drawn under the revolving credit facility included in the Credit Agreement.

### **Reynolds Notes**

As of December 31, 2018, the RGHL Group had outstanding:

- \$3,137 million in principal amount of 5.750% Senior Secured Notes due 2020;
- \$345 million in principal amount of 6.875% Senior Secured Notes due 2021;
- \$750 million in principal amount of Floating Rate Senior Secured Notes due 2021;
- \$1,600 million in principal amount of 5.125% Senior Secured Notes due 2023; and
- \$800 million in principal amount of 7.000% Senior Notes due 2024.

The Reynolds Notes are issued by the Reynolds Notes Issuers and are guaranteed by RGHL and certain of RGHL's subsidiaries.

### *Change of Control*

Upon a change of control, as defined in the indentures governing the Reynolds Notes, the Reynolds Notes Issuers will be required to offer to repurchase the respective series of Reynolds Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date, unless the Reynolds Notes Issuers have previously elected to redeem all of the applicable series of Reynolds Notes.

### *Ranking of the Reynolds Notes*

#### *Reynolds Senior Secured Notes*

The Reynolds Senior Secured Notes are senior secured obligations of the Reynolds Notes Issuers and:

- are effectively senior to all of the unsecured indebtedness of the Reynolds Notes Issuers to the extent of the value of the collateral securing each series of Reynolds Senior Secured Notes;
- rank *pari passu* in right of payment with all existing and future senior indebtedness of the Reynolds Notes Issuers;
- are effectively subordinated to the other first lien obligations of the Reynolds Notes Issuers (including amounts outstanding under the Credit Agreement) to the extent such first lien obligations are secured by property that does not also secure the respective series of Reynolds Senior Secured Notes to the extent of the value of all such property;
- are senior in right of payment to any subordinated indebtedness of the Reynolds Notes Issuers; and
- are effectively subordinated to all claims of creditors, including trade creditors, and claims of preferred stockholders (if any) of each of the subsidiaries of RGHL that is not a guarantor.





The guarantees of the Reynolds Senior Secured Notes are senior obligations of each guarantor, including RGHL, and:

- rank *pari passu* in right of payment with all existing and future senior indebtedness of such guarantor;
- are effectively subordinated to the other first lien obligations of such guarantor (including indebtedness of such guarantor outstanding under, or with respect to its guarantee of, the Credit Agreement) to the extent such first lien obligations are secured by property that does not also secure the Reynolds Senior Secured Notes to the extent of the value of all such property; and
- are senior in right of payment to any subordinated indebtedness of such guarantor.

#### *Reynolds Senior Notes*

The Reynolds Senior Notes are senior obligations of the Reynolds Notes Issuers and:

- are effectively subordinated to any secured indebtedness of the Reynolds Notes Issuers to the extent of the value of the collateral securing such indebtedness;
- rank *pari passu* in right of payment with all existing and future senior indebtedness of the Reynolds Notes Issuers;
- are senior in right of payment to any subordinated indebtedness of the Reynolds Notes Issuers; and
- are effectively subordinated to all claims of creditors, including trade creditors, and claims of preferred stockholders (if any) of each of the subsidiaries of RGHL that is not a guarantor.

The guarantees of the Reynolds Senior Notes are senior obligations of each guarantor, including RGHL, and:

- rank *pari passu* in right of payment with all existing and future senior indebtedness of such guarantor;
- are effectively subordinated to any secured indebtedness of such guarantor to the extent of the value of the collateral securing such indebtedness; and
- are senior in right of payment to any subordinated indebtedness of such guarantor.

#### *Covenants*

The indentures governing the Reynolds Notes contain covenants that, among other things, limit the ability of BP I and its restricted subsidiaries to:

- incur additional indebtedness and issue disqualified or preferred stock;
- make restricted payments, including dividends or other distributions;
- enter into arrangements that limit any restricted subsidiary's ability to pay dividends or certain other payments to BP I or any other restricted subsidiary;
- sell assets;
- engage in transactions with affiliates;
- create certain liens;
- consolidate, merge or transfer all or substantially all of their assets; and
- impair the security interests granted for the benefit of the trustee and holders of the Reynolds Senior Secured Notes.

These covenants are subject to a number of important limitations and exceptions.

#### *Events of Default*

The indentures governing the Reynolds Notes contain certain customary events of default, including:

- non-payment of interest on the applicable series of Reynolds Notes for a continuous period of 30 days;
- non-payment of principal or premium, if any, on the applicable series of Reynolds Notes;
- breach of any agreement in the applicable series of Reynolds Notes or the indentures governing the applicable series of Reynolds Notes (other than failure to purchase such notes) by BP I or any Restricted Subsidiary (as defined in the respective indentures) which is not cured within 60 days of notice;
- cross-defaults or acceleration of other indebtedness of BP I, a Reynolds Notes Issuer or any Significant Subsidiary (as defined in the respective indentures) in excess of \$30 million or its foreign currency equivalent;
- certain bankruptcy or insolvency events;



- certain material judgments against BP I, a Reynolds Notes Issuer or a Significant Subsidiary; and
- invalidity of any guarantee, and with respect to the Reynolds Senior Secured Notes, any security interest, of RGHL, BP I or a Significant Subsidiary.

#### *Security for the Reynolds Senior Secured Notes*

Subject to the terms of the security documents, the Reynolds Senior Secured Notes and the guarantees thereof are supported by a security interest granted on a first priority basis (subject to certain permitted liens) in certain assets of RGHL, BP I and certain of BP I's subsidiaries. The security interests for each series of Reynolds Senior Secured Notes are of equal priority with the liens on such assets securing the Credit Agreement and the other series of Reynolds Senior Secured Notes.

#### **First Lien Intercreditor Agreement**

The collateral agents under the Credit Agreement (the "Collateral Agents"), the trustees for the holders of the Reynolds Senior Secured Notes, the administrative agent under the Credit Agreement, as representative for the secured parties under the Credit Agreement, RGHL and certain of its subsidiaries entered into the First Lien Intercreditor Agreement, which sets forth the relative rights and obligations of the lenders under the Credit Agreement and certain local working capital facilities, certain hedging providers and cash management services providers, and the holders of the Reynolds Senior Secured Notes with respect to Shared Collateral. This summary of the First Lien Intercreditor Agreement uses the following terms:

- "Collateral" means all assets and properties subject to liens created pursuant to any security document to secure one or more series of Obligations.
- "Liens" means with respect to any assets or property, any mortgage, lien (statutory or others), pledge, charge, hypothecation, assignment, security interest or similar encumbrance.
- "Obligations" means (i) with respect to the Reynolds Senior Secured Notes, any principal, interest, penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any such indebtedness; (ii) with respect to the Credit Agreement, the due and punctual payment of (a) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the loans, when and as due, whether at maturity or by acceleration, upon one or more dates set for prepayment or otherwise, (b) each payment required to be made by the borrowers, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral, (c) all other monetary obligations of the borrowers to any of the secured parties under the Credit Agreement, and each of the other loan documents, including fees, costs, expenses and indemnities, (d) the due and punctual payment and performance of all obligations of the borrowers, RGHL and its subsidiaries that are guarantors under the loan documents, hedging agreements, local facility agreements and agreements providing for cash management services, and (e) obligations under additional agreements pursuant to which other first lien obligations are incurred; and (iii) certain additional obligations designated "Additional Obligations" pursuant to the terms of the First Lien Intercreditor Agreement.
- "Security Document" means each agreement, instrument or other document entered into in favor of the Collateral Agents, or the Collateral Agents and any of the other secured parties under the Credit Agreement, and any agreements pursuant to which other first lien obligations are incurred, for purposes of securing any series of Obligations, including the indentures governing the Reynolds Senior Secured Notes.
- "Shared Collateral" means, at any time, Collateral in which the holders of two or more series of Obligations (or their respective representatives) hold a valid security interest and any cash or other assets received in connection with the enforcement of any guarantee held by two or more series of Obligations (or their respective representatives).

The First Lien Intercreditor Agreement may be amended from time to time without the consent of the secured parties thereto to add other secured parties, including the Trustee, as representative of the holders of the notes, to whom we owe first lien obligations permitted to be incurred under the indentures governing the Reynolds Senior Secured Notes and the Credit Agreement and to the agreements governing Additional Obligations, if any.

#### *Designation of the Applicable Representative*

Under the First Lien Intercreditor Agreement, as described below, the "Applicable Representative" has the right to direct the Collateral Agents to initiate foreclosures, release liens in accordance with the Credit Agreement and the indentures governing the Reynolds Senior Secured Notes, and take other actions with respect to the Shared Collateral, and the representatives of other series of Obligations party to the First Lien Intercreditor Agreement have no right to direct the Collateral Agent to take actions with respect to the Shared Collateral.

Initially the Applicable Representative is the administrative agent under the Credit Agreement. As long as such administrative agent is the Applicable Representative, the Trustee, as representative of the secured noteholders, will have no rights to direct the Collateral Agent to take any action under the First Lien Intercreditor Agreement.

The administrative agent under the Credit Agreement will remain the Applicable Representative until the earlier of:

1. the discharge of our Obligations under the Credit Agreement; and
2. the Cut-Off Date (as defined below), unless the Cut-Off Date has been stayed, deemed not to have occurred or rescinded pursuant to the definition thereof.



After such date, the Applicable Representative will be the representative of the series of Obligations that constitutes the largest outstanding principal amount of any then outstanding series of Obligations whose representative is party to the First Lien Intercreditor Agreement, other than the Obligations under the Credit Agreement, with respect to the Shared Collateral (the “Non-Controlling Representative”).

The “Cut-Off Date” means, with respect to any Non-Controlling Representative, the date which is at least 90 days (throughout which 90-day period such person was the Non-Controlling Representative) after the occurrence of both (i) an Event of Default (under and as defined in the instrument under which such Non-Controlling Representative is appointed as the representative) and (ii) the Collateral Agent's and each other relevant representative's receipt of written notice from such Non-Controlling Representative certifying that (x) such an Event of Default has occurred and is continuing and (y) the Obligations of the series with respect to which such Non-Controlling Representative is the representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable instrument governing such Obligations; provided, however, that the Cut-Off Date shall be stayed and shall not occur and shall be deemed not to have occurred and be rescinded (1) at any time the administrative agent under the Credit Agreement or the Collateral Agent has commenced and is diligently pursuing any enforcement action with respect to any Shared Collateral or (2) at any time any grantor which has granted a security interest in such Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

#### *Role of the Applicable Representative*

Pursuant to the First Lien Intercreditor Agreement:

- i. the Applicable Representative shall have the sole right to instruct the Collateral Agent to act or refrain from acting with respect to the Shared Collateral;
- ii. the Collateral Agent shall not follow any instructions with respect to the Shared Collateral from any representative of any Non-Controlling Secured Party (as defined below) or other party to the First Lien Intercreditor Agreement (other than the Applicable Representative); and
- iii. no representative of any Non-Controlling Secured Party or other party to the First Lien Intercreditor Agreement (other than the Applicable Representative) will instruct the Collateral Agent to commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its interests in or realize upon, or take any other action available to it in respect of, any Shared Collateral.

A “Non-Controlling Secured Party” means any secured party whose representative is not the Applicable Representative. So long as the administrative agent under the Credit Agreement is the Applicable Representative, the holders of the various series of the Reynolds Senior Secured Notes will be Non-Controlling Secured Parties. After the discharge of the obligations with respect to the Credit Agreement whether on enforcement or repayment (other than repayment with indebtedness incurred under an agreement designated as a “Credit Agreement” for the purposes of the First Lien Intercreditor Agreement), at which time the parties to the Credit Agreement will no longer have the right to direct the actions of any Collateral Agent with respect to the collateral pursuant to the First Lien Intercreditor Agreement, that right passes to the authorized representative of holders of the next largest outstanding principal amount of indebtedness secured by a first lien on the collateral. To the extent that the outstanding principal amount of any series of secured notes or loans that participate in the collateral sharing arrangements under the First Lien Intercreditor Agreement is greater than the outstanding principal amount of the notes, the trustee or agent under the indenture or agreement governing such notes or loans, as representative of the holders of such indebtedness, would be the Non-Controlling Representative and would become the Applicable Representative if the Cut-Off Date occurred on such date.

Notwithstanding the equal priority of the liens on any Shared Collateral, the Collateral Agent, acting on the instructions of the Applicable Representative, may deal with the Collateral as if the Applicable Representative had a senior lien on such Collateral. No representative of any Non-Controlling Secured Party may contest, protest or object to any foreclosure proceeding or action brought by the Collateral Agent or any exercise by the Collateral Agent of any rights and remedies relating to the Shared Collateral. Each representative of each series of Obligations party to the First Lien Intercreditor Agreement will not contest or support any other person in contesting, in any proceeding (including any insolvency or liquidation proceeding), the perfection, priority, validity or enforceability of a lien held by or on behalf of any of the secured parties in all or any part of the Shared Collateral, or the provisions of the First Lien Intercreditor Agreement.

In addition, each representative of each series of Obligations party to the First Lien Intercreditor Agreement (i) will not take or cause to be taken any action the purpose or intent of which is, or could be, to interfere with, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the Shared Collateral by the Collateral Agent (acting on the instructions of the Applicable Representative), (ii) will not institute any suit or assert in any insolvency or litigation proceeding or other proceeding or any claim against the Collateral Agent or any other secured party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Shared Collateral, (iii) will not seek, and waives any right to have, any Shared Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Shared Collateral and (iv) will not attempt, directly or indirectly, whether by judicial proceedings or otherwise, to challenge the enforceability of any provision of the First Lien Intercreditor Agreement.

#### *Distribution of Enforcement Proceeds*

If an Event of Default (under and as defined in an instrument pursuant to which a series of Obligations whose representative is party to the First Lien Intercreditor Agreement is incurred) has occurred and is continuing and the Collateral Agent or any Secured Party is taking action to enforce rights in respect of any Shared Collateral, or any distribution is made in respect of any Shared Collateral in any insolvency or liquidation proceeding of any grantor of Collateral or otherwise, or the Collateral Agent or any secured party receives any payment pursuant to any intercreditor agreement (other than the First Lien Intercreditor Agreement) with respect to any Shared Collateral, the proceeds of any sale, collection or other liquidation or disposition of any such Shared Collateral received by the Collateral Agent or any secured party and the proceeds of any such distribution, shall be applied as follows:

- A. first, in the following order:



- i. initially, to the payment of all amounts owing to the Collateral Agent (in its capacity as such) pursuant to the terms of the First Lien Intercreditor Agreement and any instrument pursuant to which a series of Obligations whose representative is party to the First Lien Intercreditor Agreement is incurred; and
  - ii. next, subject to certain limited exceptions, to the payment in full of the Obligations of each series of Obligations whose representative is party to the First Lien Intercreditor Agreement on a ratable basis in accordance with the amounts of such Obligations and the terms of the applicable instrument pursuant to which such Obligations have been incurred;
- B. second, after the discharge of the Obligations identified in clause (A), to the relevant grantor.

#### *Turnover*

If any representative of any series of Obligations party to the First Lien Intercreditor Agreement obtains possession of any Shared Collateral or realizes any proceeds or payment in respect of any such Shared Collateral, pursuant to any Security Document or by the exercise of any rights available to it under applicable law or in any insolvency or liquidation proceeding or through any other exercise of remedies (including pursuant to any intercreditor agreement), at any time prior to the discharge of each series of Obligations whose representative is party to the First Lien Intercreditor Agreement, then such representative shall hold such Shared Collateral, proceeds or payment in trust for the other parties to the First Lien Intercreditor Agreement and promptly transfer such Shared Collateral, proceeds or payment, as the case may be, to the Collateral Agent, to be distributed in accordance with the provisions described in the immediately preceding paragraph.

#### *Additional Liens*

So long as the discharge of each series of Obligations whose representative is party to the First Lien Intercreditor Agreement has not occurred, subject to certain limited exceptions, none of the grantors shall, or shall permit any of its subsidiaries to, without the consent of the Collateral Agent (acting upon the instructions of the Applicable Representative) grant or permit any additional liens on any asset to secure any additional series of Obligations whose representative becomes party to the First Lien Intercreditor Agreement unless it has granted, or concurrently therewith grants, a lien on such asset to secure the Obligations in favor of all other series.

#### *Automatic Release of Liens*

If, at any time, the Collateral Agent (acting on the instructions of the Applicable Representative) forecloses upon or otherwise exercises remedies against any Shared Collateral, and in connection therewith takes action to release any Liens over such Shared Collateral, then (whether or not any insolvency or liquidation proceeding is pending at the time) the liens in favor of the Collateral Agent for the benefit of the secured parties upon such Shared Collateral will automatically be released and discharged; provided that any proceeds of any Shared Collateral realized therefrom shall be applied as described in "— Distribution of Enforcement Proceeds" above. If, at any time, the Collateral Agent forecloses upon or otherwise exercises remedies against any Shared Collateral, and in connection therewith substantially all the equity interests of any guarantor are sold or transferred, then (whether or not any insolvency or liquidation proceeding is pending at the time) the guarantee of such guarantor shall be released, discharged and terminated without any further action by any secured party required.

#### *Exculpatory Provisions in Favor of Collateral Agent*

The First Lien Intercreditor Agreement provides that the Collateral Agent shall not have any duties or obligations except those expressly set forth therein and in the other Security Documents. Without limiting the generality of the foregoing, the Collateral Agent:

- i. shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing;
- ii. shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the First Lien Intercreditor Agreement or by the other Security Documents that the Collateral Agent is required to exercise as directed in writing by the Applicable Representative; provided that the Collateral Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Collateral Agent to liability or that is contrary to any Security Document or applicable law;
- iii. shall not, except as expressly set forth in the First Lien Intercreditor Agreement and in the other Security Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to a grantor or any of its affiliates that is communicated to or obtained by the Collateral Agent or any of its affiliates in any capacity;
- iv. shall not be liable for any action taken or not taken by it (1) with the consent or at the request of the Applicable Representative or (2) in the absence of its own gross negligence or willful misconduct or (3) in reliance on a certificate of an authorized officer of RGHL stating that such action is permitted by the terms of the First Lien Intercreditor Agreement;
- v. shall be deemed not to have knowledge of any Event of Default under any series of Obligations unless and until notice describing such Event of Default is given to the Collateral Agent by the representative of such Obligations or a grantor;
- vi. shall not be responsible for or have any duty to ascertain or inquire into (1) any statement, warranty or representation made in or in connection with the First Lien Intercreditor Agreement or any other Security Document, (2) the contents of any certificate, report or other document delivered under the First Lien Intercreditor Agreement or any other Security Document, (3) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in the First Lien Intercreditor Agreement or any other Security Document, or the occurrence of any default or event of default, (4) the validity, enforceability, effectiveness or genuineness of the First Lien Intercreditor Agreement, any other Security Document or any other agreement, instrument or document, or the creation, perfection or priority of any lien purported to be created by the Security Documents or (5) the value or the sufficiency of any Collateral for any series of Obligations, including the Reynolds Senior Secured Notes; and





- vii. shall not be required to expend, advance or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the First Lien Intercreditor Agreement or in any of the Security Documents or in the exercise of any of its rights or powers under the First Lien Intercreditor Agreement or under any of the Security Documents unless it is indemnified to its satisfaction, and the Collateral Agent shall have no liability to any person for any loss occasioned by any delay in taking or failure to take any such action while it is awaiting an indemnity satisfactory to it.

#### **Pactiv Notes**

As of December 31, 2018, Pactiv had outstanding:

- \$276 million in principal amount of 7.950% Debentures due 2025; and
- \$200 million in principal amount of 8.375% Debentures due 2027.

The Pactiv Notes are issued or assumed by Pactiv LLC and are not guaranteed by RGHL or any of RGHL's subsidiaries.

The indentures governing the Pactiv Notes contain a negative pledge clause limiting Pactiv's ability, and the ability of certain subsidiaries of Pactiv, subject to certain exceptions, to (i) incur or guarantee debt that is secured by liens on "principal manufacturing properties" which include certain principal manufacturing plants or testing or research and development facilities or on the capital stock or debt of certain subsidiaries that own or lease any such principal manufacturing plant or testing or research and development facility and (ii) sell and then take an immediate lease back of such principal manufacturing plant or testing or research and development facility.

The Pactiv Notes are subject to acceleration, at the option of the holders thereof, if an event of default occurs and is continuing under the applicable indentures. In addition, there are no scheduled principal payments required on any of the Pactiv Notes until their final maturities.

The 8.375% Debentures due 2027 may be redeemed at any time at Pactiv's option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium, if any, plus accrued and unpaid interest to the date of redemption.

#### **Notes Repaid or Redeemed**

On January 15, 2018, the RGHL Group repaid upon maturity all of the \$16 million aggregate principal amount outstanding of its 6.400% Debentures due 2018 plus accrued and unpaid interest.

On February 15, 2018, the RGHL Group redeemed \$300 million aggregate principal amount of its outstanding 6.875% Senior Secured Notes due 2021 at a redemption price of 101.146% plus accrued and unpaid interest.

#### **Securitization Facility**

On March 22, 2017, the RGHL Group entered into the Securitization Facility, of which \$452 million was drawn on the closing date. The proceeds and cash were used to repay and extinguish all amounts outstanding under the previous securitization facility and pay transaction fees and expenses. The Securitization Facility matures on March 22, 2022. The amount that can be borrowed is calculated by reference to a funding base determined by the amount of eligible trade receivables. The Securitization Facility is secured by all of the assets of the borrower, which are primarily the eligible trade receivables and cash. The terms of the arrangement do not result in the derecognition of the trade receivables by the RGHL Group. The Securitization Facility has an interest rate equal to one-month LIBOR with a 0% floor, plus a margin of 1.75% per annum. As of December 31, 2018, \$420 million was drawn under the Securitization Facility.

#### **Exchange Controls**

There are no regulatory limitations on New Zealand companies or other organizations borrowing money in New Zealand or overseas. There are no restrictions on the holding of notes (other than requirements to obtain overseas investment approval in certain circumstances for notes which convert or may be converted to equity capital) of New Zealand companies.

The Reserve Bank of New Zealand (the "Bank") is authorized under the Reserve Bank of New Zealand Act 1989 to deal in foreign exchange. The relevant Minister of the New Zealand Government may, for the purpose of influencing the exchange rate or exchange rate trends, direct the Bank to deal in foreign exchange within guidelines prescribed by the Minister. The Minister may also fix exchange rates for foreign exchange dealing by the Bank.

The Governor of the Bank has the authority to temporarily suspend the dealing by registered banks in any foreign exchange or certain kinds of foreign exchange to avoid disorder in the foreign exchange market.

Although most foreign exchange dealing is undertaken through registered banks, provided they hold any necessary licenses and permits, there is no legal impediment preventing any person or corporation dealing in foreign exchange other than any temporary restriction imposed by the Governor of the Bank.

#### **Documents on Display**

Statements contained in this annual report as to the contents of any contract or other document summarize their material terms, but are not necessarily complete. A complete copy of such contracts or documents may be inspected by the noteholders at our corporate offices at Level Nine, 148 Quay Street, Auckland 1010, New Zealand, upon request.

#### **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

See "Item 5. Operating and Financial Review and Prospects — Quantitative and Qualitative Disclosures about Market Risk."



**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.**

Not applicable.

**PART II****ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.**

None.

**ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.**

None.

**ITEM 15. CONTROLS AND PROCEDURES.****Evaluation of Disclosure Controls and Procedures**

Our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are designed to ensure that information required to be disclosed by us in reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the appropriate time periods, and that such information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure. We, under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective as of December 31, 2018.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance to our management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may decline.

Management evaluated the effectiveness of our internal control over financial reporting based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commissions, or COSO, framework. Based on this evaluation, management has assessed the effectiveness of the RGHL Group's internal control over financial reporting as of December 31, 2018 and concluded that such internal control over financial reporting is effective.

**Changes in Internal Control Over Financial Reporting**

There have not been any changes in our internal control over financial reporting during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 16. [RESERVED].****ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.**

Mr. Gregory Cole, a member of the Company's Audit Committee, has been designated by the Board as the Company's "Audit Committee Financial Expert" (as defined by the SEC). Mr. Cole is not independent of management as defined by the listing standards of the New York Stock Exchange.

**ITEM 16B. CODE OF ETHICS.**

The Company has a Code of Ethical Conduct for Financial Managers applicable to the Company's Chief Executive Officer, Chief Financial Officer, Controller, Treasurer, Tax Director, Assistant Controllers and Assistant Treasurers, and the Chief Executive Officers, Chief Financial Officers and Controllers of the Company's principal business units. This Code covers a range of financial and non-financial business practices and procedures, requiring Financial Managers to act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, to fully and fairly disclose appropriate information in a timely and understandable manner, and to comply with applicable governmental laws, rules and regulations and other appropriate private and public regulatory agencies. Any waiver of the Code of Ethical Conduct for Financial Managers may be made only by the Board of Directors or, if the Board of Directors shall determine, by the Audit Committee, and will be promptly disclosed as required by law. There were no waivers of the Code of Ethical Conduct for Financial Managers as of the date of this annual report. The Company will provide a copy of its Code of Ethical Conduct for Financial Managers to any person who requests a copy in writing. To request a copy, please contact Mr. Joseph Doyle, RGHL Group Legal Counsel, 1900 West Field Court, Lake Forest, Illinois, 60045.

**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

The following table sets forth the fees billed to the RGHL Group for professional services rendered by the company's principal accountant:

(In \$ million)	For the year ended December 31,	
	2018	2017
Audit fees <sup>(1)</sup>	6	6
Audit-related fees <sup>(2)</sup>	—	—
All other fees <sup>(3)</sup>	—	2
<b>Total</b>	<b>6</b>	<b>8</b>

(1) Audit fees include fees for the audit and review of the RGHL Group's annual and interim consolidated financial statements, the audit of annual financial statements for subsidiary entities and other services provided as part of debt offering transactions, including the provision of comfort letters.

(2) Audit-related fees include fees for audit or review services of financial information other than annual and interim financial statements.

(3) All other fees include fees for trade and distribution consulting.

RGHL's Audit Committee has adopted a policy requiring the Audit Committee to approve all audit, audit-related, tax and other services. One of our directors pre-approves all services, audit and non-audit, to be provided to the RGHL Group by our independent auditors. Such director has pre-approved the provision, by our independent auditors, of specific audit, audit-related, tax and other non-audit services as being consistent with auditor independence. Requests or applications to provide services that require the specific pre-approval of the Board must be submitted to that director by the independent auditors.

**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.**

Not applicable.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.**

Not applicable.

**ITEM 16F. CHANGE IN CERTIFYING ACCOUNTANT.**

None.

**ITEM 16G. CORPORATE GOVERNANCE.**

Not applicable.

**ITEM 16H. MINE SAFETY DISCLOSURE.**

Not applicable.

**PART III****ITEM 17. FINANCIAL STATEMENTS.**

See "Item 18. Financial Statements."

**ITEM 18. FINANCIAL STATEMENTS.**

The consolidated financial statements and other financial information of RGHL are contained in "Financial Statements" beginning on page F-1 and the consolidated financial statements and other financial information of BP I are contained in "Financial Statements" beginning on page G-1.

## ITEM 19. EXHIBITS.

Exhibit Number	Description of Exhibit
1.1.	<a href="#">Certificate of Incorporation of Reynolds Group Holdings Limited</a> (previously filed as Exhibit 1.1 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.2.	<a href="#">Constitution of Reynolds Group Holdings Limited</a> (previously filed as Exhibit 1.1 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.3.	<a href="#">Certificate of Incorporation of Beverage Packaging Holdings I Limited</a> (previously filed as Exhibit 1.3 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.4.	<a href="#">Constitution of Beverage Packaging Holdings I Limited</a> (previously filed as Exhibit 1.4 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.5.	<a href="#">Certificate of Incorporation of Beverage Packaging Holdings III Limited</a> (previously filed as Exhibit 1.5 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.6.	<a href="#">Constitution of Beverage Packaging Holdings III Limited</a> (previously filed as Exhibit 1.6 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.7.	<a href="#">Certificate of Incorporation of Beverage Packaging Holdings V Limited</a> (previously filed as Exhibit 1.7 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.8.	<a href="#">Constitution of Beverage Packaging Holdings V Limited</a> (previously filed as Exhibit 1.8 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.9.	<a href="#">Certificate of Incorporation of Reynolds Group Issuer (New Zealand) Limited</a> (previously filed as Exhibit 1.9 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.10.	<a href="#">Constitution of Reynolds Group Issuer (New Zealand) Limited</a> (previously filed as Exhibit 1.10 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.11.	<a href="#">Certificate of Incorporation of Reynolds Packaging International Limited</a> (previously filed as Exhibit 1.11 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.12.	<a href="#">Constitution of Reynolds Packaging International Limited</a> (previously filed as Exhibit 1.12 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.13.	<a href="#">Certificate of Incorporation of Evergreen Packaging International Limited</a> , filed herein
1.14.	<a href="#">Constitution of Evergreen Packaging International Limited</a> (previously filed as Exhibit 1.14 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.15.	<a href="#">Certificate of Incorporation of Closure Systems International Limited</a> (previously filed as Exhibit 1.15 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.16.	<a href="#">Constitution of Closure Systems International Limited</a> (previously filed as Exhibit 1.16 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.17.	<a href="#">Certificate of Incorporation of Reynolds Packaging I Limited</a> , filed herein
1.18.	<a href="#">Constitution of Reynolds Packaging I Limited</a> , filed herein
1.19.	<a href="#">Certificate of Incorporation of Beverage Packaging (New Zealand) Limited</a> , filed herein
1.20.	<a href="#">Constitution of Beverage Packaging (New Zealand) Limited (formerly Taurus Australia Holdings Limited)</a> (previously filed as Exhibit 1.18 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
1.21.	<a href="#">Certificate of Incorporation of Reynolds Group Holdings Inc.</a> (previously filed as Exhibit 1.41 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.22.	<a href="#">By-Laws of Reynolds Group Holdings Inc.</a> (previously filed as Exhibit 1.42 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.23.	<a href="#">Certificate of Incorporation of Reynolds Group Issuer Inc.</a> (previously filed as Exhibit 1.2 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.24.	<a href="#">By-Laws of Reynolds Group Issuer Inc.</a> (previously filed as Exhibit 1.3 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.25.	<a href="#">Certificate of Formation of Reynolds Group Issuer LLC</a> (previously filed as Exhibit 1.4 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.26.	<a href="#">Limited Liability Company Agreement of Reynolds Group Issuer LLC</a> (previously filed as Exhibit 1.5 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.27.	<a href="#">Certificate of Incorporation of Reynolds Services Inc.</a> (previously filed as Exhibit 1.51 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.28.	<a href="#">By-Laws of Reynolds Services Inc.</a> (previously filed as Exhibit 1.52 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.29.	<a href="#">Certificate of Incorporation of RenPac Holdings Inc.</a> (previously filed as Exhibit 1.192 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
1.30.	<a href="#">By-laws of RenPac Holdings Inc.</a> (previously filed as Exhibit 1.193 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)

- 1.31. [Certificate of Formation of Reynolds Consumer Products Holdings LLC](#) (formerly known as Reynolds Consumer Products Holdings Inc.) (previously filed as Exhibit 1.31 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 1.32. [Limited Liability Company Agreement of Reynolds Consumer Products Holdings LLC](#) (formerly known as Reynolds Consumer Products Holdings Inc.) (previously filed as Exhibit 1.32 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 1.33. [Certificate of Formation of Reynolds Consumer Products LLC \(formerly known as Reynolds Foil Inc. and Reynolds Consumer Products, Inc.\)](#) (previously filed as Exhibit 1.37 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)

- 1.34. [Limited Liability Company Agreement of Reynolds Consumer Products LLC \(formerly known as Reynolds Foil Inc. and Reynolds Consumer Products, Inc.\)](#) (previously filed as Exhibit 1.38 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 1.35. [Certificate of Incorporation of Reynolds Manufacturing, Inc.](#) (previously filed as Exhibit 1.177 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.36. [By-laws of Reynolds Manufacturing, Inc.](#) (previously filed as Exhibit 1.191 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.37. [Certificate of Incorporation of Reynolds Presto Products Inc.](#) (formerly known as Reynolds Consumer Products, Inc.) (previously filed as Exhibit 1.33 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 1.38. [Second Amended and Restated By-Laws of Reynolds Presto Products Inc.](#) (formerly known as Reynolds Consumer Products, Inc.) (previously filed as Exhibit 1.34 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.39. [Certificate of Incorporation of Trans Western Polymers, Inc.](#) (previously filed as Exhibit 1.252 and incorporated by reference to the Reynolds Notes Issuers' amendment to the annual report on Form 20-F/A on February 27, 2014)
- 1.40. [By-Laws of Trans Western Polymers, Inc.](#) (previously filed as Exhibit 1.253 and incorporated by reference to the Reynolds Notes Issuers' amendment to the annual report on Form 20-F on February 27, 2014)
- 1.41. [Articles of Incorporation of Reynolds Consumer Products Canada, Inc.](#) (previously filed as Exhibit 1.254 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 1.42. [By-Laws of Reynolds Consumer Products Canada, Inc.](#) (previously filed as Exhibit 1.255 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 1.43. [Certificate of Formation of Pactiv LLC \(formerly known as Pactiv Corporation\)](#) (previously filed as Exhibit 1.144 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 1.44. [Amended and Restated Limited Liability Company Agreement of Pactiv LLC \(formerly known as Pactiv Corporation\)](#) (previously filed as Exhibit 1.145 and incorporated by reference to the Reynolds Notes Issuers' amendment to the annual report on Form 20-F on February 27, 2014)
- 1.45. [Certificate of Incorporation of Pactiv International Holdings Inc.](#) (previously filed as Exhibit 1.150 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.46. [Amended and Restated By-Laws of Pactiv International Holdings Inc.](#) (previously filed as Exhibit 1.151 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.47. [Certificate of Formation of Pactiv Management Company LLC](#) (previously filed as Exhibit 1.152 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.48. [Limited Liability Company Agreement of Pactiv Management Company LLC](#) (previously filed as Exhibit 1.153 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.49. [Amended and Restated Certificate of Incorporation of Pactiv Packaging Inc.](#) (formerly PWP Industries, Inc.) (previously filed as Exhibit 1.164 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.50. [Amended and Restated By-Laws of Pactiv Packaging Inc.](#) (formerly PWP Industries, Inc.) (previously filed as Exhibit 1.165 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.51. [Amended and Restated By-Laws of PCA West Inc.](#) (previously filed as Exhibit 1.258 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 14, 2017)
- 1.52. [Certificate of Incorporation of PCA West Inc.](#) (previously filed as Exhibit 1.259 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 14, 2017)
- 1.53. [Articles of Amalgamation of Pactiv Canada Inc.](#) (previously filed as Exhibit 1.183 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 1.54. [By-Law No. 1 of Pactiv Canada Inc.](#) (previously filed as Exhibit 1.184 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.55. [Certificate of Formation of GEC Packaging Technologies LLC](#) (previously filed as Exhibit 1.55 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.56. [Limited Liability Company Agreement of GEC Packaging Technologies LLC](#) (previously filed as Exhibit 1.257 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 14, 2017)
- 1.57. [Certificate of Incorporation of Graham Packaging Company Inc.](#) (previously filed as Exhibit 1.189 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.58. [By-laws of Graham Packaging Company Inc.](#) (previously filed as Exhibit 1.190 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.59. [Certificate of Formation of BCP/Graham Holdings LLC](#) (previously filed as Exhibit 1.185 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.60. [Limited Liability Company Agreement of BCP/Graham Holdings LLC](#) (previously filed as Exhibit 1.186 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.61. [Amended and Restated Certificate of Limited Partnership of Graham Packaging Holdings Company](#) (incorporated by reference to Exhibit 3.5 to Graham Packaging Holdings Company's Registration Statement on Form S-4 (No. 333-53603-03) filed July 13, 1998)
- 1.62. [Seventh Amended and Restated Agreement of Limited Partnership of Graham Packaging Holdings Company](#) (previously filed as Exhibit 1.239 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on April 6, 2012)



- 1.63. [Certificate of Formation of GPC US LLC](#) (previously filed as Exhibit 1.63 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.64. [Limited Liability Company Agreement of GPC US LLC](#) (previously filed as Exhibit 1.64 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)

- 1.65. [Amended and Restated Certificate of Limited Partnership of Graham Packaging Company, L.P.](#) (previously filed as Exhibit 1.206 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on April 6, 2012)
- 1.66. [Amended and Restated Agreement of Limited Partnership of Graham Packaging Company, L.P.](#) (incorporated by reference to Exhibit 3.2 to Graham Packaging Holdings Company's Registration Statement on Form S-4 (No. 333-53603-03) filed May 26, 1998)
- 1.67. [Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Graham Packaging Company, L.P.](#) (previously filed as Exhibit 1.208 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on April 6, 2012)
- 1.68. [Certificate of Formation of GPC Opco GP, LLC](#) (incorporated by reference to Exhibit 3.9 to Graham Packaging Holdings Company's Registration Statement on Form S-4 (No. 333-125173-01) filed May 26, 1998)
- 1.69. [Limited Liability Company Agreement of GPC Opco GP, LLC](#) (incorporated by reference to Exhibit 3.11 to Graham Packaging Company, L.P.'s Registration Statement on Form S-4 (No. 333-125173-01) filed May 24, 2005)
- 1.70. [Certificate of Formation of GPC Sub GP LLC](#) (incorporated by reference to Exhibit 3.11 to Graham Packaging Holdings Company's Registration Statement on Form S-4 (No. 333-125173-02) filed May 24, 2005)
- 1.71. [Limited Liability Company Agreement of GPC Sub GP LLC](#) (incorporated by reference to Exhibit 3.11 to Graham Packaging Holdings Company's Registration Statement on Form S-4 (No. 333-125173-02) filed May 24, 2005)
- 1.72. [Amended and Restated Certificate of Incorporation of Graham Packaging PET Technologies Inc.](#) (incorporated by reference to Exhibit 3.26 to Graham Packaging Holdings Company's Registration Statement on Form S-4 (No. 333-167976-18) filed July 2, 2010)
- 1.73. [Amended and Restated By-Laws of Graham Packaging PET Technologies Inc.](#) (incorporated by reference to Exhibit 3.28 to Graham Packaging Holdings Company's Registration Statement on Form S-4 (No. 333-125173-02) filed May 24, 2005)
- 1.74. [Certificate of Formation of Graham Packaging Plastic Products LLC](#) (previously filed as Exhibit 1.74 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.75. [Certification of Conversion of Graham Packaging Plastic Products LLC](#) (previously filed as Exhibit 1.75 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.76. [Limited Liability Company Agreement of Graham Packaging Plastic Products LLC](#) (previously filed as Exhibit 1.76 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.77. [Amended and Restated Limited Liability Company Agreement of Graham Packaging Plastic Products LLC](#) (previously filed as Exhibit 1.77 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.78. [Partnership Agreement of Graham Packaging PX Company](#) (incorporated by reference to Exhibit 3.54 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.79. [Form of First Amendment to Partnership Agreement of Graham Packaging PX Company](#) (incorporated by reference to Exhibit 3.55 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.80. [Second Amendment to Partnership Agreement of Graham Packaging PX Company](#) (incorporated by reference to Exhibit 3.56 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.81. [Third Amendment to Partnership Agreement of Graham Packaging PX Company](#) (incorporated by reference to Exhibit 3.57 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.82. [Fourth Amendment to Partnership Agreement of Graham Packaging PX Company](#) (incorporated by reference to Exhibit 3.58 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.83. [Certificate of Incorporation of Graham Packaging PX Holding Corporation](#) (incorporated by reference to Exhibit 3.59 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.84. [Certificate of Amendment of Certificate of Incorporation of Graham Packaging PX Holding Corporation](#) (incorporated by reference to Exhibit 3.60 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.85. [Certificate of Amendment of Certificate of Incorporation of Graham Packaging PX Holding Corporation](#) (incorporated by reference to Exhibit 3.61 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.86. [By-Laws of Graham Packaging PX Holding Corporation](#) (incorporated by reference to Exhibit 3.62 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.87. [Articles of Incorporation of Graham Packaging PX, LLC](#) (incorporated by reference to Exhibit 3.63 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.88. [Certificate of Amendment of Articles of Incorporation of Graham Packaging PX, LLC](#) (incorporated by reference to Exhibit 3.64 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.89. [Articles of Conversion of Graham Packaging PX, LLC](#) (incorporated by reference to Exhibit 3.65 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.90. [Certificate of Amendment to the Certificate of Formation of Graham Packaging PX, LLC](#) (incorporated by reference to Exhibit 3.66 to Graham Packaging Holdings Company's Registration Statement on Form S-4/A (No. 333-167976-18) filed October 5, 2010)
- 1.91. [Amended and Restated Single Member Operating Agreement of Graham Packaging PX, LLC](#) (previously filed as Exhibit 1.235 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on April 6, 2012)
- 1.92. [Certificate of Formation of Evergreen Packaging LLC](#) (previously filed as Exhibit 1.92 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.93. [Certification of Conversion of Evergreen Packaging LLC](#) (previously filed as Exhibit 1.93 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.94. [Limited Liability Company Agreement of Evergreen Packaging LLC](#) (previously filed as Exhibit 1.94 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)

- 1.95. [Certificate of Formation of Blue Ridge Holding LLC](#) (previously filed as Exhibit 1.95 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.96. [Certification of Conversion of Blue Ridge Holding LLC](#) (previously filed as Exhibit 1.96 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)

- 1.97. [Limited Liability Company Agreement of Blue Ridge Holding LLC](#) (previously filed as Exhibit 1.97 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.98. [Certificate of Formation of Blue Ridge Paper Products LLC](#) (previously filed as Exhibit 1.98 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.99. [Certification of Conversion of Blue Ridge Paper Products LLC](#) (previously filed as Exhibit 1.99 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.100. [Limited Liability Company Agreement of Blue Ridge Paper Products LLC](#) (previously filed as Exhibit 1.100 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 1.101. [Limited Liability Company Articles of Organization of BRPP, LLC](#) (previously filed as Exhibit 1.61 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.102. [Operating Agreement of BRPP, LLC](#) (previously filed as Exhibit 1.62 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.103. [Articles of Amalgamation of Evergreen Packaging Canada Limited](#) (previously filed as Exhibit 1.73 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.104. [By-Law No. 1A of Evergreen Packaging Canada Limited](#) (previously filed as Exhibit 1.74 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.105. [Certificate of Formation of Closure Systems International Holdings LLC \(formerly known as Closure Systems International Holdings Inc.\)](#) (previously filed as Exhibit 1.15 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 1.106. [Limited Liability Company Agreement of Closure Systems International Holdings LLC \(formerly known as Closure Systems International Holdings Inc.\)](#) (previously filed as Exhibit 1.16 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 1.107. [Certificate of Incorporation of Closure Systems International Inc.](#) (previously filed as Exhibit 1.17 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.108. [Amended and Restated By-Laws of Closure Systems International Inc.](#) (previously filed as Exhibit 1.18 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.109. [Amended and Restated Certificate of Incorporation of Closure Systems International Americas, Inc.](#) (previously filed as Exhibit 1.13 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.110. [By-Laws of Closure Systems International Americas, Inc.](#) (previously filed as Exhibit 1.14 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.111. [Certificate of Incorporation of Closure Systems International Packaging Machinery Inc.](#) (previously filed as Exhibit 1.49 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.112. [By-Laws of Closure Systems International Packaging Machinery Inc.](#) (formerly Alcoa Packaging Machinery, Inc.) (previously filed as Exhibit 1.50 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.113. [Certificate of Formation of Closure Systems Mexico Holdings LLC](#) (previously filed as Exhibit 1.19 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.114. [Amended and Restated Limited Liability Company Agreement of Closure Systems Mexico Holdings LLC](#) (previously filed as Exhibit 1.20 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.115. [Certificate of Formation of CSI Mexico LLC](#) (previously filed as Exhibit 1.21 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.116. [Amended and Restated Limited Liability Company Agreement of CSI Mexico LLC](#) (previously filed as Exhibit 1.22 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.117. [Certificate of Incorporation of CSI Sales & Technical Services Inc.](#) (previously filed as Exhibit 1.23 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.118. [By-Laws of CSI Sales & Technical Services Inc.](#) (previously filed as Exhibit 1.24 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.119. [Articles of Incorporation of Southern Plastics Inc.](#) (previously filed as Exhibit 1.57 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 1.120. [By-Laws of Southern Plastics Inc.](#) (previously filed as Exhibit 1.58 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 2.1. [Form of 5.750% Senior Secured Note due 2020](#) (included in Exhibit 2.1.1 hereto) (previously filed as Exhibit 2.22.4 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.1.1. [5.750% Senior Secured Notes due 2020 Indenture, dated as of September 28, 2012, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, collateral agent and registrar, Wilmington Trust \(London\) Limited, as additional collateral agent and The Bank of New York Mellon, London Branch, as paying agent](#) (previously filed as Exhibit 2.6.41 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.1.2. [Form of Supplemental Indenture with respect to guarantor accessions to the 5.750% Senior Secured Notes due 2020, together with a list identifying the substantially similar agreements not filed](#), filed herein
- 2.1.3. [Twelfth Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020, dated as of November 3, 2016, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying](#)

[agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.6.97 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 14, 2017)

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- 2.1.4. [Thirteenth Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020, dated as of June 30, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.1.4 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.1.5. [Fourteenth Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020, dated as of October 31, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.1.5 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.2. [Form of 6.875% Senior Secured Note due 2021](#) (included in Exhibit 2.2.1 hereto) (previously filed as Exhibit 2.21 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 2.2.1. [6.875% Senior Secured Notes due 2021 Indenture, dated as of February 1, 2011, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, collateral agent and registrar, Wilmington Trust \(London\) Limited, as additional collateral agent and The Bank of New York Mellon, London Branch, as paying agent](#) (previously filed as Exhibit 2.5 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 2.2.2. [Form of Supplemental Indenture with respect to guarantor accessions to the 6.875% Senior Secured Notes due 2021, together with a list identifying the substantially similar agreements not filed](#), filed herein
- 2.2.3. [Eleventh Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of September 8, 2011, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer \(Luxembourg\) S.A., Beverage Packaging Holdings \(Luxembourg\) I S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.5.11 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 2.2.4. [Fourteenth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of May 10, 2012, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer \(Luxembourg\) S.A., Beverage Packaging Holdings \(Luxembourg\) I S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.5.14 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on May 11, 2012)
- 2.2.5. [Fifteenth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of June 15, 2012, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer \(Luxembourg\) S.A., Beverage Packaging Holdings \(Luxembourg\) I S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.5.15 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on June 21, 2012)
- 2.2.6. [Twenty-seventh Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of November 3, 2016, among Reynolds Group Issuer LLC, Reynolds Group Issuer Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.5.2 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 14, 2017)
- 2.2.7. [Twenty-Eighth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of June 30, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., Beverage Packaging Holdings \(Luxembourg\) I S.A. and The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.2.7 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.2.8. [Twenty-Ninth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of October 31, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., Beverage Packaging Holdings \(Luxembourg\) I S.A. and The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.2.8 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.3. [Collateral Agreement, dated as of November 5, 2009, among Reynolds Consumer Products Holdings Inc., Reynolds Group Holdings Inc., Closure Systems International Holdings Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer Inc., the grantors from time to time party thereto and The Bank Of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.1. [Supplement No. 2 to the Collateral Agreement, dated as of February 2, 2010, between Closure Systems International Americas, Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.2 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.2. [Supplement No. 3 to the Collateral Agreement, dated as of May 4, 2010, between Evergreen Packaging Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.3 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.3. [Supplement No. 6 to the Collateral Agreement, dated as of May 4, 2010, between Blue Ridge Holding Corp. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.6 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)

- 2.3.4. [Supplement No. 7 to the Collateral Agreement, dated as of May 4, 2010, between Blue Ridge Paper Products Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.7 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.5. [Supplement No. 8 to the Collateral Agreement, dated as of May 4, 2010, between by BRPP, LLC and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.8 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)



- 2.3.6. [Supplement No. 16 to the Collateral Agreement, dated as of November 16, 2010, between Pactiv Corporation \(now known as Pactiv LLC\) and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.15 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.7. [Supplement No. 21 to the Collateral Agreement, dated as of November 16, 2010, between Pactiv International Holdings Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.20 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.8. [Supplement No. 22 to the Collateral Agreement, dated as of November 16, 2010, between Pactiv Management Company LLC and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.21 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.9. [Supplement No. 23 to the Collateral Agreement, dated as of November 16, 2010, between PCA West Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.22 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.10. [Supplement No. 26 to the Collateral Agreement, dated as of November 16, 2010, between Pactiv Packaging Inc. \(formerly PWP Industries, Inc.\) and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.13.25 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.11. [Supplement No. 30 to the Collateral Agreement, dated as of September 8, 2011, between Graham Packaging Company Inc. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.13.29 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.12. [Supplement No. 32 to the Collateral Agreement, dated as of September 8, 2011, between BCP/Graham Holdings LLC and The Bank of New York Mellon](#) (previously filed as Exhibit 2.13.31 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.13. [Supplement No. 33 to the Collateral Agreement, dated as of October 14, 2011, between Reynolds Manufacturing, Inc. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.13.32 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.14. [Supplement No. 34 to the Collateral Agreement, dated as of October 14, 2011, between RenPac Holdings Inc. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.13.33 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.3.15. [Supplement No. 35 to the Collateral Agreement, dated as of March 20, 2012, between certain additional guarantors and The Bank of New York Mellon](#) (previously filed as Exhibit 2.13.34 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on April 6, 2012)
- 2.3.16. [Supplement No. 37 to the Collateral Agreement, dated as of December 20, 2012, between Beverage Packaging Holdings \(Luxembourg\) V S.A. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.13.36 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.3.17. [Supplement No. 39 to the Collateral Agreement dated as of November 15, 2013, between certain additional guarantors and The Bank of New York Mellon](#) (previously filed as Exhibit 2.13.38 and incorporated by reference to the Reynolds Notes Issuers' amendment to the annual report on Form 20-F/A on February 27, 2014)
- 2.3.18. [Supplement No. 41 to the Collateral Agreement dated as of October 25, 2016, between GEC Packaging Technologies LLC and The Bank of New York Mellon](#) (previously filed as Exhibit 2.3.18 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.3.19. [Supplement No. 42 to the Collateral Agreement, dated as of November 21, 2017, between GPC US LLC and The Bank of New York Mellon](#) (previously filed as Exhibit 2.3.19 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.4. [First Lien Intercreditor Agreement, dated as of November 5, 2009, among The Bank of New York Mellon, as collateral agent, Credit Suisse, as representative under the Credit Agreement, The Bank of New York Mellon, as representative under the Indenture, each grantor and each additional representative from time to time party thereto](#) (previously filed as Exhibit 2.14 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.4.1. [Amendment No. 1 and Joinder to the First Lien Intercreditor Agreement, dated January 21, 2010](#) (previously filed as Exhibit 2.14.1 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.4.2. [Joinder to the First Lien Intercreditor Agreement, dated as of February 1, 2011 by The Bank of New York Mellon, as the new representative under the new Senior Secured Notes Indenture dated February 1, 2011](#) (previously filed as Exhibit 2.14.3 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.4.3. [Joinder to the First Lien Intercreditor Agreement, dated as of September 28, 2012, by The Bank of New York Mellon, as the new representative under the new Senior Secured Notes Indenture dated September 28, 2012](#) (previously filed as Exhibit 2.14.5 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.4.4. [Joinder to the First Lien Intercreditor Agreement, dated as of June 27, 2016 by The Bank of New York Mellon, as the new representative under the new Senior Secured Notes Indenture dated June 27, 2016](#) (previously filed as Exhibit 2.4.4 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.5. [Copyright Security Agreement, dated as of November 5, 2009, among the grantors listed thereto and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.23 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.5.1 [Copyright Security Agreement, dated as of November 16, 2010, among Pactiv Corporation \(now known as Pactiv LLC\), a Delaware corporation and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.237 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)



- 2.5.2. [Copyright Security Agreement dated as of August 17, 2017 among the grantors listed thereto and The Bank of New York Mellon](#) (previously filed as Exhibit 2.5.2 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6. [Patent Security Agreement, dated as of November 5, 2009, among the grantors listed thereto and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.24 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.6.1. [Patent Security Agreement, dated as of May 4, 2010, among the grantors listed thereto and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.173 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)

- 2.6.2. [Patent Security Agreement, dated as of September 1, 2010 among the grantors listed thereto and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.2 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.3. [Patent Security Agreement, dated as of November 16, 2010, among the grantors listed thereto and The Bank of New York Mellon](#) (previously filed as Exhibit 2.238 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.6.4. [Patent Security Agreement, dated as of January 12, 2011 among the grantors listed thereto and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.4 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.5. [Patent Security Agreement, dated as of May 2, 2011 between Dopaco, Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.5 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.6. [Patent Security Agreement, dated as of March 20, 2012 between Graham Packaging Company L.P. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.6 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.7. [Patent Security Agreement, dated as of March 20, 2012 between Graham Packaging PET Technologies Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.7 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.8. [Patent Security Agreement, dated as of March 20, 2012 between Graham Packaging Plastic Products Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.8 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.9. [Patent Security Agreement, dated as of March 20, 2012 between Graham Packaging PET Technologies Inc. \(originally granted by Graham Packaging LC, L.P.\) and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.9 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.10. [Patent Security Agreement, dated as of April 9, 2013 between Spirit Foodservice, Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.10 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.11. [Patent Security Agreement dated as of February 14, 2014 between Trans Western Polymers, Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.657 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.6.12. [Patent Security Agreement dated as of August 17, 2017 among the grantors listed thereto and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.12 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.6.13. [Patent Security Agreement dated as of August 17, 2017 between Pactiv Canada Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.6.13 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.7. [Trademark Security Agreement, dated as of November 5, 2009, among the grantors listed thereto and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.25 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.7.1. [Trademark Security Agreement, dated as of May 4, 2010, among the grantors listed thereto and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.174 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.7.2. [Trademark Security Agreement, dated as of September 1, 2010 among the grantors listed thereto and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.7.2 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.7.3. [Trademark Security Agreement, dated as of November 16, 2010, among the grantors listed thereto and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.239 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.7.4. [Trademark Security Agreement, dated as of May 2, 2011 between Dopaco, Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.7.4 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.7.5. [Trademark Security Agreement, dated as of March 20, 2012 between Graham Packaging LC, L.P. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.7.5 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.7.6. [Trademark Security Agreement, dated as of March 20, 2012 between Graham Packaging Company L.P. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.7.6 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.7.7. [Trademark Security Agreement, dated as of March 20, 2012 between Graham Packaging PET Technologies Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.7.7 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.7.8. [Trademark Security Agreement, dated as of April 9, 2013 between Spirit Foodservice, Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.7.8 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)

- 2.7.9. [Trademark Security Agreement dated as of February 14, 2014 between Trans Western Polymers, Inc. and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.656 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.7.10. [Trademark Security Agreement dated as of August 17, 2017 among the grantors listed thereto and The Bank of New York Mellon, as collateral agent](#) (previously filed as Exhibit 2.7.10 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.8. [Specific Security Deed in respect of Reynolds Group Holdings Limited's shareholding in Beverage Packaging Holdings \(Luxembourg\) / S.A. \(NZ Law\), dated as of November 5, 2009, between Reynolds Group Holdings Limited and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.68 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)

- 2.9. [General Security Deed, dated as of November 5, 2009, between Reynolds Group Holdings Limited and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.89 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.10. [General Security Deed, dated June 16, 2015, between Beverage Packaging \(New Zealand\) Limited and Wilmington Trust \(London\) Limited](#) (previously filed as Exhibit 4.150 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 24, 2016)
- 2.11. [General Security Deed, dated March 22, 2017, between Beverage Packaging Holdings \(Luxembourg\) I S.A. and Wilmington Trust \(London\) Limited](#) (previously filed as Exhibit 2.11 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.12. [Global General Security Deed, dated September 29, 2017, between Reynolds Group Holdings Limited, the entities listed therein as initial chargors and Wilmington Trust \(London\) Limited](#) (previously filed as Exhibit 2.12 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.13. [Confirmation and Reaffirmation Letter dated as of September 29, 2017 from Evergreen Packaging International Limited, Reynolds Packaging International Limited and Closure Systems International Limited to Credit Suisse AG, Cayman Islands Branch, The Bank of New York Mellon and Wilmington Trust \(London\) Limited](#) (previously filed as Exhibit 2.13 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.14. [Confirmation and Reaffirmation Letter dated as of October 31, 2017 from Beverage Packaging Holdings I Limited, Beverage Packaging Holdings III Limited, Beverage Packaging Holdings V Limited and Reynolds Group Issuer \(New Zealand\) Limited to Credit Suisse AG, Cayman Islands Branch, The Bank of New York Mellon and Wilmington Trust \(London\) Limited](#) (previously filed as Exhibit 2.14 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.15. [Composite Supplemental Deed dated as of October 31, 2017 to the Global General Security Deed between Reynolds Group Holdings Limited, Beverage Packaging Holdings III Limited, Beverage Packaging Holdings V Limited, Reynolds Group Issuer \(New Zealand\) Limited and Wilmington Trust \(London\) Limited](#) (previously filed as Exhibit 2.15 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.16. [Supplemental Deed dated as of December 11, 2018 to the Global General Security Deed between Reynolds Packaging I Limited and Wilmington Trust \(London\) Limited](#), filed herein
- 2.17. [Canadian General Security Agreement, dated as of December 2, 2009, between Closure Systems International \(Canada\) Limited \(amalgamated into Pactiv Canada Inc.\) and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.113 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.18. [Canadian General Security Agreement, dated as of May 4, 2010, entered into by Evergreen Packaging Canada Limited](#) (previously filed as Exhibit 2.175 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.19. [Deed of Hypothec between Evergreen Packaging Canada Limited and The Bank of New York Mellon as fondé de pouvoir, dated June 28, 2010](#) (previously filed as Exhibit 2.216 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.20. [Bond Pledge Agreement between Evergreen Packaging Canada Limited and The Bank of New York Mellon as collateral agent, dated June 28, 2010](#) (previously filed as Exhibit 2.217 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.21. [Bond issued by Evergreen Packaging Canada Limited in favour of The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.218 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.22. [Canadian General Security Agreement, dated as of September 1, 2010, between Reynolds Food Packaging Canada Inc. \(amalgamated into Pactiv Canada Inc.\) and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.223 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.23. [Deed of Hypothec granted by Reynolds Food Packaging Canada Inc. \(amalgamated into Pactiv Canada Inc.\) in favour of The Bank of New York Mellon as collateral agent, dated September 1, 2010](#) (previously filed as Exhibit 2.225 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.24. [Bond Pledge Agreement granted by Reynolds Food Packaging Canada Inc. \(amalgamated into Pactiv Canada Inc.\) in favour of The Bank of New York Mellon as collateral agent, dated September 1, 2010](#) (previously filed as Exhibit 2.226 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.25. [Bond issued by Reynolds Food Packaging Canada Inc. \(amalgamated into Pactiv Canada Inc.\) in favour of The Bank of New York Mellon as collateral agent, dated September 1, 2010](#) (previously filed as Exhibit 2.227 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.26. [Canadian Pledge Agreement, dated as of May 4, 2010, entered into by Evergreen Packaging International B.V.](#) (previously filed as Exhibit 2.176 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.27. [Amending Agreement No 1 to the Canadian Pledge Agreement, dated as of September 6, 2017, entered into by Evergreen Packaging International S.à r.l. \(formerly known as Evergreen Packaging International B.V.\)](#) (previously filed as Exhibit 2.26 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.28. [Amending Agreement No 2 to the Canadian Pledge Agreement, dated as of September 29, 2017, entered into by Evergreen Packaging International Limited \(formerly known as Evergreen Packaging International S.à r.l.\)](#) (previously filed as Exhibit 2.27 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.29. [Canadian General Security Agreement granted by 798795 Ontario Limited \(amalgamated into Pactiv Canada Inc.\) in favour of The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.240 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)

- 2.30. [Canadian General Security Agreement granted by Newspring Canada Inc. \(amalgamated into Pactiv Canada Inc.\) in favour of The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.242 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.31. [Canadian General Security Agreement granted by Pactiv Canada Inc. in favour of The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.244 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)

- 2.32. [Deed of Hypothec between Evergreen Packaging Canada Limited and The Bank of New York Mellon as fondé de pouvoir, dated November 16, 2010](#) (previously filed as Exhibit 2.256 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.33. [Bond Pledge Agreement between Evergreen Packaging Canada Limited and The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.257 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.34. [Bond issued by Evergreen Packaging Canada Limited in favour of The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.258 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.35. [Deed of Hypothec between Reynolds Food Packaging Canada Inc. \(amalgamated into Pactiv Canada Inc.\) and The Bank of New York Mellon as fondé de pouvoir, dated November 16, 2010](#) (previously filed as Exhibit 2.259 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.36. [Bond Pledge Agreement between Reynolds Food Packaging Canada Inc. \(amalgamated into Pactiv Canada Inc.\) and The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.260 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.37. [Bond issued by Reynolds Food Packaging Canada Inc. \(amalgamated into Pactiv Canada Inc.\) in favour of The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.261 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.38. [Confirmation and Acknowledgement Agreement dated July 1, 2011 made by Pactiv Canada Inc in favour of The Bank of New York Mellon](#) (previously filed as Exhibit 2.37 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.39. [Confirmation and Acknowledgement Agreement dated January 1, 2012 made by Pactiv Canada Inc in favour of The Bank of New York Mellon](#) (previously filed as Exhibit 2.38 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.40. [Canadian General Security Agreement dated as of June 30, 2014 by Reynolds Consumer Products Canada Inc.](#) (previously filed as Exhibit 2.650 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.41. [Canadian Pledge Agreement dated September 1, 2010 between Reynolds Packaging International B.V. and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.40 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.42. [Amending Agreement No. 1 to Canadian Pledge Agreement dated as of April 28, 2011 between Reynolds Packaging International B.V. and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.41 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.43. [Amending Agreement No. 2 to Canadian Pledge Agreement dated as of April 28, 2011 between Reynolds Packaging International B.V. and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.42 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.44. [Amending Agreement No. 3 to Canadian Pledge Agreement dated as of July 1, 2011 between Reynolds Packaging International B.V. and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.43 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.45. [Amending Agreement No. 4 to Canadian Pledge Agreement dated as of January 1, 2012 between Reynolds Packaging International B.V. and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.44 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.46. [Amending Agreement No. 5 to Canadian Pledge Agreement dated as of June 30, 2014 by Reynolds Packaging International B.V.](#) (previously filed as Exhibit 2.651 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.47. [Amending Agreement No. 6 to Canadian Pledge Agreement dated as of September 6, 2017 between Reynolds Packaging International S.a r.l \(formerly known as Reynolds Packaging International B.V.\) and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.46 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.48. [Amending Agreement No. 7 to Canadian Pledge Agreement dated as of September 29, 2017 between Reynolds Packaging International Limited \(formerly known as Reynolds Packaging International S.à r.l.\) and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.47 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.49. [Security Over Shares Agreement in CSI Latin American Holdings Corporation, dated as of December 2, 2009, between Closure Systems International B.V. and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.110 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.50. [Security Over Cash Agreement dated December 19, 2011 between Reynolds Foil Inc. and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.59 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.51. [Deed of Confirmation and Amendment relating to an English law security over cash agreement granted by Reynolds Consumer Products LLC \(formerly known as Reynolds Foil Inc.\) in favour of The Bank of New York Mellon as collateral agent, dated September 28, 2012](#) (previously filed as Exhibit 2.595 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.52. [Security Over Cash Agreement dated March 28, 2012 between Reynolds Presto Products Inc. and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.61 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)

- 2.53. [Deed of Confirmation and Amendment relating to an English law security over cash agreement granted by Reynolds Presto Products Inc. in favour of The Bank of New York Mellon as collateral agent, dated September 28, 2012](#) (previously filed as Exhibit 2.596 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.54. [Security over Cash Agreement by Closure Systems International Inc. in favour of The Bank of New York Mellon as collateral agent, dated September 28, 2012](#) (previously filed as Exhibit 2.597 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)



- 2.55. [Quota Pledge Agreement, dated January 29, 2010, granted by Closure Systems International Holdings, Inc. \(US\) and Closure Systems International B.V. \(Netherlands\) in favour of The Bank of New York Mellon as collateral agent and acknowledged by Closure Systems International \(Brazil\) Sistemas de Vedação Ltda.](#) (previously filed as Exhibit 2.134 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.56. [Amendment to the Quota Pledge Agreement, dated as of May 4, 2010, granted by Closure Systems International B.V. and Closure Systems International Holdings Inc. in favor of The Bank of New York Mellon as collateral agent and acknowledged by Closure Systems International \(Brazil\) Sistemas de Vedação Ltda.](#) (previously filed as Exhibit 2.186 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.57. [Second Amendment to Quota Pledge Agreement over quotas in Closure Systems International \(Brazil\) Sistemas de Vedação Ltda. between Closure Systems International B.V. and Closure Systems International Holdings Inc. and The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.249 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.58. [Third Amendment to the Quota Pledge Agreement, dated as of March 2, 2011, granted by Closure Systems International B.V. and Closure Systems International Holdings Inc. in favor of The Bank of New York Mellon as collateral agent and acknowledged by Closure Systems International \(Brazil\) Sistemas de Vedação Ltda.](#) (previously filed as Exhibit 2.385 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.59. [Amendment to Quota Pledge Agreement over quotas in Closure Systems International \(Brazil\) Sistemas de Vedação Ltda., dated September 8, 2011, among Closure Systems International B.V., Closure Systems International Holdings Inc. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.444 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.60. [Fifth Amendment to Quota Pledge Agreement over quotas in Closure Systems International \(Brazil\) Sistemas de Vedação Ltda., dated November 7, 2012, among Closure Systems International B.V., Closure Systems International Holdings Inc. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.531 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.61. [Sixth Amendment to the Quota Pledge Agreement over quotas in Closure Systems International \(Brazil\) Sistemas de Vedacao Ltda. dated as of February 14, 2014 between The Bank of New York Mellon, Closure Systems International B.V., Closure Systems International Holdings Inc. and Closure Systems International \(Brazil\) Sistemas de Vadacao Ltda.](#) (previously filed as Exhibit 2.628 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.62. [Seventh Amendment to the Quota Pledge Agreement over quotas in Closure Systems International \(Brazil\) Sistemas de Vedacao Ltda. dated as of December 31, 2014 between The Bank of New York Mellon, Closure Systems International B.V., Closure Systems International Holdings Inc. and Closure Systems International \(Brazil\) Sistemas de Vadacao Ltda.](#) (previously filed as Exhibit 2.71 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.63. [Pledge of Quotas Agreement, dated January 29, 2010, entered into by Closure Systems International B.V. over its quotas in CSI Closure Systems Manufacturing de Centro America, S.R.L. in favour of Wilmington Trust \(London\) Limited as collateral agent](#) (previously filed as Exhibit 2.135 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.64. [Security Over Shares Agreement relating to shares of Closure Systems International \(Hong Kong\) Limited, dated February 25, 2010, entered into by SIG Finanz AG in favour of Wilmington Trust \(London\) Limited as collateral agent](#) (previously filed as Exhibit 2.154 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.65. [Deed of Confirmation and Amendment relating to a share charge over shares in Closure Systems International \(Hong Kong\) Limited between Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.282 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.66. [Deed of Confirmation and Amendment in respect of a share pledge over Closure Systems International \(Hong Kong\) Limited between Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent, dated February 1, 2011](#) (previously filed as Exhibit 2.346 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.67. [Deed of Confirmation and Amendment relating to a share charge over shares in Closure Systems International \(Hong Kong\) Limited between Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent, dated September 8, 2011](#) (previously filed as Exhibit 2.479 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.68. [Deed of Confirmation and Amendment relating to a share charge over shares in Closure Systems International \(Hong Kong\) Limited between Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent, dated November 7, 2012](#) (previously filed as Exhibit 2.562 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.69. [Security over Shares Agreement relating to a share charge over 65% shares in Graham Packaging Asia Limited between Graham Packaging Company, L.P. and Wilmington Trust \(London\) Limited as collateral agent, dated June 1, 2012](#) (previously filed as Exhibit 2.78 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.70. [Deed of Confirmation and Amendment relating to a share charge over 65% shares in Graham Packaging Asia Limited between Graham Packaging Company, L.P. and Wilmington Trust \(London\) Limited as collateral agent, dated November 7, 2012](#) (previously filed as Exhibit 2.563 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.71. [Quota Charge Agreement over the quotas in CSI Hungary Manufacturing and Trading Limited Liability Company, dated January 29, 2010, between Closure Systems International B.V., CSI Hungary Manufacturing and Trading Limited Liability Company and Wilmington Trust \(London\) Limited](#) (previously filed as Exhibit 2.80 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)



- 2.72. [Amendment Agreement relating to a Quota Charge Agreement over the quotas in CSI Hungary Manufacturing and Trading Limited Liability Company, dated May 4, 2010, between Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent](#) (previously filed as Exhibit 2.205 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.73. [Amendment Agreement No. 2 relating to a Quota Charge Agreement over the quotas in CSI Hungary Manufacturing and Trading Limited Liability Company between Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.293 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)

- 2.74. [Amendment Agreement in respect of a Quota Charge Agreement of CSI Hungary Manufacturing and Trading Limited Liability Company among Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent, dated February 1, 2011](#) (previously filed as Exhibit 2.348 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.75. [Amendment Agreement in respect of a Quota Charge Agreement of CSI Hungary Manufacturing and Trading Limited Liability Company among Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent, dated February 9, 2011](#) (previously filed as Exhibit 2.378 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.76. [Amendment Agreement No. 5 relating to a Quota Charge Agreement over quotas in CSI Hungary Manufacturing and Trading Limited Liability Company between Closure Systems International B.V. and Wilmington Trust \(London\) Limited as collateral agent, dated September 8, 2011](#) (previously filed as Exhibit 2.480 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.77. [Amendment Agreement No. 6 relating to a Quota Charge Agreement over quotas in CSI Hungary Manufacturing and Trading Limited Liability Company between Closure Systems International B.V., CSI Hungary Manufacturing and Trading Limited Liability Company and Wilmington Trust \(London\) Limited as collateral agent, dated November 7, 2012](#) (previously filed as Exhibit 2.86 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.78. [Amendment Agreement No. 7 relating to a Quota Charge Agreement over quotas in CSI Hungary Manufacturing and Trading Limited Liability Company between Closure Systems International B.V., CSI Hungary Manufacturing and Trading Limited Liability Company and Wilmington Trust \(London\) Limited as collateral agent, dated February 14, 2014](#) (previously filed as Exhibit 2.87 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.79. [Equity Interests Pledge Agreement, dated January 29, 2010, representing the capital stock Grupo CSI de Mexico, S. de R.L. de C.V., given by the parent company in favour of The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.146 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.80. [Acknowledgment Agreement to an equity interests pledge agreement, dated May 4, 2010, between Grupo CSI de Mexico, S. de R.L. de C.V., Closure Systems International B.V., CSI Mexico LLC, CSI en Saltillo S. de R.L. de C.V., Closure Systems Mexico Holdings LLC and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.207 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.81. [Addendum dated August 16, 2010 to the Equity Interests Pledge Agreement between Grupo CSI de Mexico, S. de R.L. de C.V., Closure Systems International B.V., CSI Mexico LLC, CSI en Saltillo S. de R.L. de C.V., Closure Systems Mexico Holdings LLC and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.90 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.82. [Acknowledgment Agreement in respect of the equity/partnership interests pledge agreements between Grupo CSI de México, S. de R.L. de C.V., Closure Systems International B.V., CSI Mexico LLC, CSI en Saltillo, S. de R.L. de C.V., Closure Systems Mexico Holdings LLC, Evergreen Packaging International B.V., Reynolds Packaging International B.V. and Reynolds Metals Company de México, S. de R.L. de C.V. and The Bank of New York Mellon as collateral agent, dated November 16, 2010](#) (previously filed as Exhibit 2.295 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.83. [Acknowledgment Agreement in respect of an Equity Interests Pledge Agreement and Partnership Interests Pledge Agreement among Closure Systems International B.V., Evergreen Packaging International B.V., Reynolds Packaging International B.V., CSI Mexico LLC, Closure Systems Mexico Holdings LLC and The Bank of New York Mellon, dated February 1, 2011](#) (previously filed as Exhibit 2.343 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.84. [Acknowledgment of Equity and Partnership Interests Pledge Agreements over Evergreen Packaging Mexico, Reynolds Metals and Maxpack \(succeeded by Pactiv Foodservice México, S. de R.L. de C.V.\) among Closure Systems International B.V., Evergreen Packaging International B.V., CSI Mexico LLC, Closure Systems Mexico Holdings LLC and The Bank of New York Mellon, dated February 9, 2011](#) (previously filed as Exhibit 2.382 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.85. [Acknowledgment Agreement in respect of Equity Interests Pledge Agreement between Grupo CSI de México, S. de R.L. de C.V., Closure Systems International B.V., CSI Mexico LLC, CSI en Saltillo, S. de R.L. de C.V., Closure Systems Mexico Holdings LLC, Evergreen Packaging International B.V., Reynolds Packaging International B.V. and Reynolds Metals Company de México, S. de R.L. de C.V. and The Bank of New York Mellon as collateral agent, dated September 8, 2011](#) (previously filed as Exhibit 2.490 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.86. [Acknowledgment Agreement in respect of Equity Interests Pledge Agreement between Grupo CSI de México, S. de R.L. de C.V., Closure Systems International B.V., CSI Mexico LLC, CSI en Saltillo, S. de R.L. de C.V., Closure Systems Mexico Holdings LLC, Evergreen Packaging International B.V., Reynolds Packaging International B.V., Pactiv México, S. de R.L. de C.V., Pactiv Foodservice México, S. de R.L. de C.V., Grupo Corporativo Jaguar, S.A. de C.V., Servicios Industriales Jaguar, S.A. de C.V., Pactiv LLC and Pactiv International Holdings Inc. and The Bank of New York Mellon as collateral agent, dated November 7, 2012](#) (previously filed as Exhibit 2.574 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on December 21, 2012)
- 2.87. [Acknowledgement Agreement dated as of February 14, 2014 between Grupo CSI de Mexico, S. de R.L. de C.V., Closure Systems International B.V., CSI Mexico LLC, CSI en Saltillo, S. de R.L. de C.V., Closure Systems Mexico Holdings LLC, Reynolds Packaging International B.V., Pactiv Foodservice Mexico, S. de R.L. de C.V., Grupo Corporativo Jaguar, S.A. de C.V., Servicios Industriales Jaguar, S.A. de C.V., and The Bank of New York Mellon](#) (previously filed as Exhibit 2.637 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.88. [Equity Interests Pledge Agreement, dated April 19, 2011, by Grupo CSI de México, S. de R.L. de C.V., CSI en Saltillo, S. de R.L. de C.V., Central de Bolsas, S. de R.L. de C.V., Servicios Industriales Jaguar, S.A. de C.V., Servicio Terrestre Jaguar, S.A. de C.V., Grupo Corporativo Jaguar, S.A. de C.V., Pactiv Corporation \(now known as Pactiv LLC\) and Pactiv International Holdings Inc. in favour of The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.427 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)

- 2.89. [Assignment Agreement, dated October 15, 2014, between Grupo CSI de Mexico, S. de R.L. de C.V., Pactiv Canada Inc. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.428 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.90. [Assignment Agreement, dated October 15, 2014, between Closure Systems International B.V., Pactiv Canada Inc. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.232 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)

- 2.91. [Assignment Agreement, dated December 18, 2014, between Pactiv Canada Inc., Reynolds Packaging International B.V. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.430 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.92. [The Assignment Agreement dated March 30, 2015 among Reynolds Packaging International B.V., Reynolds Metals Company de Mexico, S. de R.L. de C.V. and the Bank of New York Mellon](#) (previously filed as Exhibit 2.101 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 2.93. [Partnership Interest Pledge Agreement relating to the Partnership Interest in CSI en Saltillo S. de R.L. de C.V., dated as of January 15, 2014, between Closure Systems International B.V. and The Bank of New York Mellon as collateral agent \(English version\)](#) (previously filed as Exhibit 2.283 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.94. [Share Pledge Agreement relating to the Shares in Pactiv Deutschland Holdinggesellschaft mbH, dated as of March 2, 2011, among Pactiv Hamburg Holdings GmbH, Pactiv Corporation \(now known as Pactiv LLC\) and The Bank of New York Mellon as collateral agent and pledgee](#) (previously filed as Exhibit 2.423 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.95. [Share Pledge Agreement relating to the Shares in Pactiv Deutschland Holdinggesellschaft mbH, dated as of September 8, 2011, among Pactiv Corporation \(now known as Pactiv LLC\) and The Bank of New York Mellon as collateral agent and pledgee](#) (previously filed as Exhibit 2.423 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4/A filed on February 9, 2012)
- 2.96. [Deed of Pledge of Registered Shares in Graham Packaging Holdings B.V., dated as of June 1, 2012, between Graham Packaging Acquisition Corp. as pledgor, Graham Packaging Holdings B.V. as the company and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.603 and incorporated by reference to the Reynolds Notes Issuers' amendment to the annual report on Form 20-F on February 27, 2014)
- 2.97. [Amendment Agreement in respect of a Deed of Pledge of Registered Shares in the share capital of Graham Packaging Holdings B.V., dated as of December 31, 2013, between Graham Packaging Acquisition Corp. as pledgor, Graham Packaging Holdings B.V. as the company and The Bank of New York Mellon as collateral agent](#) (previously filed as Exhibit 2.602 and incorporated by reference to the Reynolds Notes Issuers' amendment to the annual report on Form 20-F on February 27, 2014)
- 2.98. [Amended and Restated Blanket Security Agreement over Shares Agreement, dated November 1, 2014, between The Bank of New York Mellon, the Secured Parties \(defined therein\) and Closure Systems International B.V.](#) (previously filed as Exhibit 2.435 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 25, 2015)
- 2.99. [Pledge over Shares Agreement dated March 20, 2012 between Graham Packaging Company L.P., Graham Packaging European Holdings \(Luxembourg\) S.à r.l. and The Bank of New York Mellon](#) (previously filed as Exhibit 2.108 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 4.1. [Form of Senior Secured Floating Rate Note due 2021 \(included in Exhibit 4.2.1 hereto\)](#) (previously filed as Exhibit 2.22.6 and incorporated by reference to exhibit 1 to Reynolds Group Holdings Limited report on Form 6-K filed on June 27, 2016)
- 4.2. [Form of 5.125% Senior Secured Note due 2023 \(included in Exhibit 4.2.1 hereto\)](#) (previously filed as Exhibit 2.22.5 and incorporated by reference to exhibit 1 to Reynolds Group Holdings Limited report on Form 6-K filed on June 27, 2016)
- 4.2.1. [5.125% Senior Secured Notes due 2023 and Senior Secured Floating Rate Notes due 2021 Indenture, dated as of June 27, 2016, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer \(Luxembourg\) S.A., certain senior secured note guarantors party thereto, The Bank of New York Mellon as trustee, principal paying agent, transfer agent, collateral agent, calculation agent and registrar, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 2.6.88 and incorporated by reference to exhibit 1 to Reynolds Group Holdings Limited report on Form 6-K filed on June 27, 2016)
- 4.2.2. [Form of Supplemental Indenture with respect to guarantor accessions to the 5.125% Senior Secured Notes due 2023 and the Senior Secured Floating Rate Notes due 2021, together with a list identifying the substantially similar agreements not filed](#), filed herein
- 4.2.3. [First Senior Secured Notes Supplemental Indenture to the 5.125% Senior Secured Notes due 2023 and the Senior Secured Floating Rate Notes due 2021, dated as of August 1, 2016, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 4.2.3 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 4.2.4. [Third Senior Secured Notes Supplemental Indenture to the 5.125% Senior Secured Notes due 2023 and the Senior Secured Floating Rate Notes due 2021, dated as of June 30, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 4.2.4 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 4.2.5. [Fourth Senior Secured Notes Supplemental Indenture to the 5.125% Senior Secured Notes due 2023 and the Senior Secured Floating Rate Notes due 2021, dated as of October 31, 2017 among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust \(London\) Limited, as additional collateral agent](#) (previously filed as Exhibit 4.2.5 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 4.3. [Form of 7.00% Senior Note due 2024 \(included in Exhibit 4.3.1 hereto\)](#) (previously filed as Exhibit 2.22.7 and incorporated by reference to exhibit 2 to Reynolds Group Holdings Limited report on Form 6-K filed on June 27, 2016)
- 4.3.1. [7.00% Senior Notes Due 2024 Indenture, dated as of June 27, 2016, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer \(Luxembourg\) S.A., certain senior note guarantors party thereto and The Bank of New York Mellon as trustee, principal paying agent, transfer agent, and registrar](#) (previously filed as Exhibit 2.6.89 and incorporated by reference to exhibit 2 to Reynolds Group Holdings Limited report on Form 6-K filed on June 27, 2016)

- 4.3.2. [Form of Supplemental Indenture with respect to guarantor accessions to the 7.00% Senior Notes due 2024, together with a list identifying the substantially similar agreements not filed](#), filed herein
- 4.3.3. [Second Senior Notes Supplemental Indenture to the 7.00% Senior Notes due 2024, dated as of June 30, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent and registrar](#) (previously filed as Exhibit 4.3.3 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)

- 4.3.4. [Third Senior Notes Supplemental Indenture to the 7.00% Senior Notes due 2024, dated as of October 31, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer \(Luxembourg\) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings \(Luxembourg\) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent and registrar](#) (previously filed as Exhibit 4.3.4 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 4.4. [Indenture, dated as of September 29, 1999, by and between Pactiv Corporation \(now known as Pactiv LLC\) and The Chase Manhattan Bank, as trustee](#) (incorporated by reference to Exhibit 4.1 to Tenneco Packaging Inc.'s Registration Statement on Form S-4 (No. 333-82923) filed October 4, 1999)
- 4.4.1. [Second Supplemental Indenture to the Indenture dated as of September 29, 1999, dated as of November 4, 1999, between Pactiv Corporation \(now known as Pactiv LLC\) and The Chase Manhattan Bank, as trustee](#) (incorporated by reference to Exhibit 4.3(c) to Pactiv Corporation's Quarterly Report on Form 10-Q (No. 1-15157) filed November 18, 1999)
- 4.4.2. [Fifth Supplemental Indenture to the Indenture dated as of September 29, 1999, dated as of November 4, 1999, between Pactiv Corporation \(now known as Pactiv LLC\) and The Chase Manhattan Bank, as trustee](#) (incorporated by reference to Exhibit 4.3(f) to Pactiv Corporation's Quarterly Report on Form 10-Q (No. 1-15157) filed November 18, 1999)
- 4.5. [Fourth Amended and Restated Credit Agreement, dated as of August 5, 2016, among Reynolds Group Holdings Inc., Reynolds Consumer Products Holdings LLC, Pactiv LLC, Evergreen Packaging Inc., Reynolds Consumer Products LLC, Closure Systems International Inc., Graham Packaging Company Inc., Beverage Packaging Holdings \(Luxembourg\) III S.à r.l., Closure Systems International Holdings LLC, Closure Systems International B.V., Reynolds Group Holdings Limited, the guarantors party thereto, the lenders from time to time party thereto and Credit Suisse, as administrative agent](#) (previously filed as Exhibit 2.6.90 and incorporated by reference to exhibit 1 to Reynolds Group Holdings Limited report on Form 6-K filed on August 9, 2016)
- 4.5.1. [Amendment No. 1, dated as of October 4, 2016, related to the Fourth Amended and Restated Credit Agreement, among Reynolds Group Holdings Inc., Reynolds Consumer Products Holdings LLC, Pactiv LLC, Evergreen Packaging Inc., Reynolds Consumer Products LLC, Closure Systems International Inc., Graham Packaging Company Inc., Beverage Packaging Holdings \(Luxembourg\) III S.à r.l., Closure Systems International Holdings LLC, Closure Systems International B.V., Reynolds Group Holdings Limited, the guarantors party thereto, the lenders from time to time party thereto and Credit Suisse, as administrative agent](#) (previously filed as Exhibit 2.6.91 and incorporated by reference to exhibit 1 to Reynolds Group Holdings Limited report on Form 6-K filed on October 5, 2016)
- 4.5.2. [Incremental Assumption Agreement, dated as of October 7, 2016, among Reynolds Group Holdings Inc., Reynolds Consumer Products Holdings LLC, Pactiv LLC, Evergreen Packaging Inc., Reynolds Consumer Products LLC, Closure Systems International Inc., Graham Packaging Company Inc., Beverage Packaging Holdings \(Luxembourg\) III S.à r.l., Closure Systems International Holdings LLC, Closure Systems International B.V., Reynolds Group Holdings Limited, the guarantors party thereto, the lender from time to time party thereto and Credit Suisse, as administrative agent](#) (previously filed as Exhibit 2.6.92 and incorporated by reference to exhibit 1 to Reynolds Group Holdings Limited report on Form 6-K filed on October 7, 2016)
- 4.5.3. [Incremental Assumption Agreement, dated as of February 7, 2017, among Reynolds Group Holdings Inc., Reynolds Consumer Products Holdings LLC, Pactiv LLC, Evergreen Packaging Inc., Reynolds Consumer Products LLC, Closure Systems International Inc., Graham Packaging Company Inc., Beverage Packaging Holdings \(Luxembourg\) III S.à r.l., Closure Systems International Holdings LLC, Closure Systems International B.V., Reynolds Group Holdings Limited, the guarantors party thereto, the lender from time to time party thereto and Credit Suisse, as administrative agent](#) (previously filed as Exhibit 2.6.93 and incorporated by reference to exhibit 1 to Reynolds Group Holdings Limited report on Form 6-K filed on February 7, 2017)
- 4.5.4. [Form of Guarantor Joinder to the Credit Agreement \(Joinder to First Lien Intercreditor Agreement\), together with a list identifying the substantially similar agreements not filed](#), filed herein
- 4.6. [Form of Indemnity Agreement by Reynolds Group Holdings Limited for the benefit and in favor of certain officers and directors of its subsidiaries, together with a list identifying the substantially similar agreements not filed](#) (previously filed as Exhibit 4.6 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 4.7. [Information Sharing Agreement, dated as of April 7, 2010, between Carter Holt Harvey Limited, Carter Holt Harvey Pulp & Paper Limited, Evergreen Packaging Inc. and Blue Ridge Paper Products Inc.](#) (previously filed as Exhibit 4.96 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 4.8. [Loan Agreement, dated February 15, 2008, between Rank Group Limited as borrower and Rank Group Holdings Limited \(now known as Reynolds Group Holdings Limited\)](#) (previously filed as Exhibit 4.111 and incorporated by reference to the Reynolds Notes Issuers' registration statement on Form F-4 filed on November 3, 2011)
- 4.9. [Amended and Restated Purchase and Sale Agreement dated as of March 22, 2017 among the Sellers identified on Annex I thereto, Reynolds Group Holdings Inc., Beverage Packaging Holdings \(Luxembourg\) I S.A. and NZGT \(BPFT\) Trustee Limited, in its capacity as Trustee for the Beverage Packaging Factoring Trust](#) (incorporated by reference to exhibit 1 to Reynolds Group Holdings Limited report on Form 6-K filed on March 29, 2017)
- 4.10. [Receivables Loan and Security Agreement dated as of March 22, 2017 among NZGT \(BPFT\) Trustee Limited, as Trustee of the Beverage Packaging Factoring Trust, Reynolds Group Holdings Inc., Beverage Packaging Holdings \(Luxembourg\) I S.A., and the Conduit Lenders, Committed Lenders and Facility Agents from time to time party hereto](#) (incorporated by reference to exhibit 2 to Reynolds Group Holdings Limited report on Form 6-K filed on March 29, 2017)
- 4.11. [Assignment and Amendment Agreement dated as of March 22, 2017 between Beverage Packaging Factoring \(Luxembourg\) S.à r.l., NZGT \(BPFT\) Trustee Limited, in its capacity as trustee of the Beverage Packaging Factoring Trust, Beverage Packaging Holdings \(Luxembourg\) IV S.à r.l., Beverage Packaging Holdings \(Luxembourg\) I S.A. and Reynolds Group Holdings Inc. and each party identified on Schedule I to the Agreement](#) (incorporated by reference to exhibit 3 to Reynolds Group Holdings Limited report on Form 6-K filed on March 29, 2017)
- 4.12. [Performance Undertaking Agreement dated as of March 22, 2017 made by Reynolds Group Holdings Limited, Reynolds Group Holdings Inc., Beverage Packaging Holdings \(Luxembourg\) I S.A., the other Performance Guarantors identified on Annex I thereto and Cooperative Rabobank U.A., as administrative agent](#) (incorporated by reference to exhibit 4 to Reynolds Group Holdings Limited report on Form 6-K filed on March 29, 2017)

- 4.13. [Performance Undertaking Agreement dated as of March 22, 2017 made by Reynolds Group Holdings Limited, Cooperative Rabobank U.A., as administrative agent and NZGT \(BPFT\) Trustee Limited, as Trustee of the Beverage Packaging Factoring Trust](#) (incorporated by reference to exhibit 5 to Reynolds Group Holdings Limited report on Form 6-K filed on March 29, 2017)
- 4.14. [Subordinated Loan and Intercreditor Agreement dated as of March 22, 2017 between NZGT \(BPFT\) Trustee Limited, as Trustee of the Beverage Packaging Factoring Trust, Beverage Packaging Holdings \(Luxembourg\) I S.A. and Cooperative Rabobank U.A., as administrative agent](#) (incorporated by reference to exhibit 6 to Reynolds Group Holdings Limited report on Form 6-K filed on March 29, 2017)
- 4.15. [Services Agreement dated January 1, 2016 between Rank Group Limited and Reynolds Group Holdings Limited](#) (previously filed as Exhibit 4.18 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)

- 4.16. [Services Agreement dated March 22, 2017 between Rank Group Limited and Beverage Packaging Holdings \(Luxembourg\) I S.A.](#) (previously filed as Exhibit 4.19 and incorporated by reference to the Reynolds Notes Issuers' annual report on Form 20-F on February 13, 2018)
- 4.17. [Services Agreement dated March 1, 2018 between Rank Group Limited, Rank Group North America, Inc. and Reynolds Group Holdings Inc.](#), filed herein
- 8.1. [List of Subsidiaries](#), filed herein
- 12.1. [Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14\(a\) and 15d-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#), filed herein
- 12.2. [Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14\(a\) and 15d-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#), filed herein
- 13.1. [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#), filed herein
- 13.2. [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#), filed herein
- 101.INS XBRL Instance Document, filed herein
- 101.SCH XBRL Taxonomy Extension Schema Document, filed herein
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document, filed herein
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document, filed herein
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document, filed herein
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document, filed herein



**Reynolds Group Holdings Limited**

**Consolidated financial statements for the year ended  
December 31, 2018**

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# Reynolds Group Holdings Limited

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## Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors of Reynolds Group Holdings Limited:

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Reynolds Group Holdings Limited and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
**PricewaterhouseCoopers LLP**  
Chicago, Illinois USA  
February 13, 2019

We have served as the Company's auditor since 2009.

**Reynolds Group Holdings Limited**  
**Consolidated statements of comprehensive income**

(In \$ million)	Note	For the year ended December 31,		
		2018	2017	2016
Revenue		10,660	10,524	10,646
Cost of sales	*	(8,566)	(8,202)	(8,259)
<b>Gross profit</b>		<b>2,094</b>	<b>2,322</b>	<b>2,387</b>
Selling, marketing and distribution expenses	*	(264)	(277)	(315)
General and administration expenses	*	(697)	(745)	(855)
Net other income (expenses)	6	(279)	(78)	(72)
<b>Profit from operating activities</b>		<b>854</b>	<b>1,222</b>	<b>1,145</b>
Financial income	8	46	49	169
Financial expenses	8	(865)	(750)	(1,042)
<b>Net financial income (expenses)</b>		<b>(819)</b>	<b>(701)</b>	<b>(873)</b>
<b>Profit (loss) from continuing operations before income tax</b>		<b>35</b>	<b>521</b>	<b>272</b>
Income tax (expense) benefit	9	(40)	(81)	(105)
<b>Profit (loss) from continuing operations</b>		<b>(5)</b>	<b>440</b>	<b>167</b>
Profit (loss) from discontinued operations, net of income tax		—	(1)	(6)
<b>Profit (loss) for the year</b>		<b>(5)</b>	<b>439</b>	<b>161</b>
<b>Other comprehensive income (loss), net of income tax</b>				
<b>Items that may be reclassified into profit (loss)</b>				
Exchange differences on translating foreign operations		(63)	78	(66)
Reclassification from foreign currency translation reserve		23	25	—
<b>Items that will not be reclassified into profit (loss)</b>				
Remeasurement of defined benefit plans	16	22	154	74
<b>Total other comprehensive income (loss), net of income tax</b>		<b>(18)</b>	<b>257</b>	<b>8</b>
<b>Total comprehensive income (loss)</b>		<b>(23)</b>	<b>696</b>	<b>169</b>
<b>Profit (loss) attributable to:</b>				
Equity holder of the Group - continuing operations		(7)	438	165
Equity holder of the Group - discontinued operations		—	(1)	(6)
Non-controlling interests		2	2	2
		<b>(5)</b>	<b>439</b>	<b>161</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holder of the Group - continuing operations		(25)	695	173
Equity holder of the Group - discontinued operations		—	(1)	(6)
Non-controlling interests		2	2	2
		<b>(23)</b>	<b>696</b>	<b>169</b>

\* For information on expenses by nature, refer to notes 7, 8, 11, 12, 13, 16 and 22.

The consolidated statements of comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

**Reynolds Group Holdings Limited**  
**Consolidated statements of financial position**

(In \$ million)	Note	As of December 31,	
		2018	2017
<b>Assets</b>			
Cash and cash equivalents		783	617
Trade and other receivables, net	10	1,121	1,136
Inventories	11	1,411	1,370
Current tax assets	9	14	14
Assets held for sale		5	144
Derivatives	19	12	11
Other assets		82	40
<b>Total current assets</b>		<b>3,428</b>	<b>3,332</b>
Related party and other non-current receivables	10	348	352
Investments in associates and joint ventures		24	24
Deferred tax assets	9	28	32
Property, plant and equipment	12	3,021	2,923
Intangible assets	13	9,222	9,659
Derivatives	19	29	281
Other assets		78	79
<b>Total non-current assets</b>		<b>12,750</b>	<b>13,350</b>
<b>Total assets</b>		<b>16,178</b>	<b>16,682</b>
<b>Liabilities</b>			
Trade and other payables	14	1,163	1,116
Liabilities directly associated with assets held for sale		—	34
Borrowings	15	455	470
Current tax liabilities	9	27	44
Derivatives	19	18	2
Employee benefits	16	178	213
Provisions	17	43	39
<b>Total current liabilities</b>		<b>1,884</b>	<b>1,918</b>
Non-current payables	14	45	45
Borrowings	15	10,580	10,919
Deferred tax liabilities	9	922	1,014
Employee benefits	16	1,041	1,045
Provisions	17	80	89
<b>Total non-current liabilities</b>		<b>12,668</b>	<b>13,112</b>
<b>Total liabilities</b>		<b>14,552</b>	<b>15,030</b>
<b>Net assets</b>		<b>1,626</b>	<b>1,652</b>
<b>Equity</b>			
Share capital	18	1,664	1,664
Reserves		(1,734)	(1,728)
Retained profits		1,687	1,706
<b>Equity attributable to equity holder of the Group</b>		<b>1,617</b>	<b>1,642</b>

Non-controlling interests	9	10
<b>Total equity</b>	<b>1,626</b>	<b>1,652</b>

The consolidated statements of financial position should be read in conjunction with the notes to the consolidated financial statements.

**Reynolds Group Holdings Limited**  
**Consolidated statements of changes in equity**

(In \$ million)	Note	Share capital	Translation of foreign operations	Other reserves <sup>(1)</sup>	Retained profits	Equity attributable to equity holder of the Group	Non-controlling interests	Total
Balance at the beginning of the year (January 1, 2016)		1,664	(439)	(1,557)	1,113	781	16	797
Total comprehensive income (loss) for the year:								
Profit (loss) after income tax		—	—	—	159	159	2	161
Remeasurement of defined benefit plans, net of income tax	16	—	—	74	—	74	—	74
Foreign currency translation reserve		—	(66)	—	—	(66)	—	(66)
<b>Total comprehensive income (loss) for the year</b>		<b>—</b>	<b>(66)</b>	<b>74</b>	<b>159</b>	<b>167</b>	<b>2</b>	<b>169</b>
Change upon sale of business		—	—	—	—	—	(7)	(7)
Dividends paid to non-controlling interests		—	—	—	—	—	(2)	(2)
<b>Balance as of December 31, 2016</b>		<b>1,664</b>	<b>(505)</b>	<b>(1,483)</b>	<b>1,272</b>	<b>948</b>	<b>9</b>	<b>957</b>
Balance at the beginning of the year (January 1, 2017)		1,664	(505)	(1,483)	1,272	948	9	957
Total comprehensive income (loss) for the year:								
Profit (loss) after income tax		—	—	—	437	437	2	439
Remeasurement of defined benefit plans, net of income tax	16	—	—	154	—	154	—	154
Foreign currency translation reserve		—	78	—	—	78	—	78
Reclassification of foreign currency translation reserve upon disposal of businesses		—	25	—	—	25	—	25
<b>Total comprehensive income (loss) for the year</b>		<b>—</b>	<b>103</b>	<b>154</b>	<b>437</b>	<b>694</b>	<b>2</b>	<b>696</b>
Change upon sale of business		—	—	3	(3)	—	—	—
Dividends paid to non-controlling interests		—	—	—	—	—	(1)	(1)
<b>Balance as of December 31, 2017</b>		<b>1,664</b>	<b>(402)</b>	<b>(1,326)</b>	<b>1,706</b>	<b>1,642</b>	<b>10</b>	<b>1,652</b>
Balance at the beginning of the year (January 1, 2018)		1,664	(402)	(1,326)	1,706	1,642	10	1,652
Total comprehensive income (loss) for the year:								
Profit (loss) after income tax		—	—	—	(7)	(7)	2	(5)
Remeasurement of defined benefit plans, net of income tax	16	—	—	22	—	22	—	22
Foreign currency translation reserve		—	(63)	—	—	(63)	—	(63)
Reclassification of foreign currency translation reserve upon disposal of businesses		—	23	—	—	23	—	23
<b>Total comprehensive income (loss) for the year</b>		<b>—</b>	<b>(40)</b>	<b>22</b>	<b>(7)</b>	<b>(25)</b>	<b>2</b>	<b>(23)</b>
Change upon sale of businesses		—	—	12	(12)	—	—	—



Dividends paid to non-controlling  
interests

	—	—	—	—	—	(3)	(3)
Balance as of December 31, 2018	<b>1,664</b>	<b>(442)</b>	<b>(1,292)</b>	<b>1,687</b>	<b>1,617</b>	<b>9</b>	<b>1,626</b>

(1) Balances include the cumulative reduction in equity of \$1,561 million from common control transactions, with the remainder consisting of the cumulative remeasurement of defined benefit plans.

The consolidated statements of changes in equity should be read in conjunction with the notes to the consolidated financial statements.

**Reynolds Group Holdings Limited**  
**Consolidated statements of cash flows**

		For the year ended December 31,		
(In \$ million)	Note	2018	2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss)		(5)	439	161
Adjustments for:				
Depreciation and amortization		655	674	707
Asset impairment charges		240	45	45
Foreign currency adjustments		—	1	5
Change in fair value of derivatives		22	—	(18)
(Gain) loss on sale or disposal of businesses and other assets		(6)	13	3
Business disposal costs		—	(1)	(1)
Share of profit of associates and joint ventures, net of income tax		(3)	(2)	(3)
Net financial (income) expenses		819	701	873
Premium on extinguishment of borrowings		(3)	(11)	(122)
Interest paid		(619)	(644)	(909)
Income tax expense (benefit)		40	81	105
Income taxes paid, net of refunds received		(143)	(196)	(163)
Change in trade and other receivables		(3)	(110)	9
Change in inventories		(83)	(151)	(2)
Change in trade and other payables		48	12	7
Change in provisions and employee benefits		(3)	1	176
Change in other assets and liabilities		(6)	(12)	3
<b>Net cash from operating activities</b>		<b>950</b>	<b>840</b>	<b>876</b>
<b>Cash flows from (used in) investing activities</b>				
Acquisition of property, plant and equipment and intangible assets		(585)	(410)	(324)
Proceeds from sale of property, plant and equipment and other assets		21	5	13
Disposal of businesses, net of cash disposed		118	44	149
Other		6	2	5
<b>Net cash from (used in) investing activities</b>		<b>(440)</b>	<b>(359)</b>	<b>(157)</b>
<b>Cash flows used in financing activities</b>				
Drawdown of borrowings		—	452	4,706
Repayment of borrowings		(352)	(1,221)	(6,339)
Payment of debt transaction costs		—	(10)	(110)
Other		(5)	(6)	(6)
<b>Net cash used in financing activities</b>		<b>(357)</b>	<b>(785)</b>	<b>(1,749)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>153</b>	<b>(304)</b>	<b>(1,030)</b>
Cash and cash equivalents, net of bank overdrafts, at the beginning of the year		617	932	1,977
Cash and cash equivalents classified as assets held for sale at the beginning of the year		20	3	—
Effect of exchange rate fluctuations on cash and cash equivalents		(7)	6	(12)
<b>Cash and cash equivalents as of December 31</b>		<b>783</b>	<b>637</b>	<b>935</b>
<b>Cash and cash equivalents are comprised of:</b>				
Cash and cash equivalents		783	617	932

Cash and cash equivalents classified as assets held for sale	—	20	3
<b>Cash and cash equivalents as of December 31</b>	<b>783</b>	<b>637</b>	<b>935</b>

## **Reynolds Group Holdings Limited**

### **Consolidated statements of cash flows**

#### **Significant non-cash financing and investing activities**

During the year ended December 31, 2018, related party interest income of \$17 million (2017: \$17 million; 2016: \$17 million) was capitalized as part of the non-current related party receivable balance. Refer to note 20 for additional information.

In August 2017, Rank Group Limited repaid \$24 million of the related party loan receivable balance and the Group, by way of a payment direction, repaid \$23 million of outstanding related party trade payable balances due to Rank Group Limited and \$1 million of outstanding related party borrowings with Packaging Holdings Limited.

In February 2017, the Group refinanced its Credit Agreement as discussed further in note 15. The refinancing resulted in no actual cash flows other than the payment of fees, which is included above in payment of debt transaction costs. The principal amount outstanding at the time of the refinancing was \$3,583 million.

In August 2016, the Group amended its credit agreement. The amount outstanding at the time of the amendment was \$2,454 million. The amendment was with the same financial institutions resulting in no actual cash flows other than the repayment of \$203 million of principal balance and the payment of fees, which is included above in payment of debt transaction costs.

The consolidated statements of cash flows should be read in conjunction with the notes to the consolidated financial statements.

**Reynolds Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

**1. Reporting entity**

Reynolds Group Holdings Limited (the "Company") is a company domiciled in New Zealand and registered under the Companies Act 1993.

The consolidated financial statements of Reynolds Group Holdings Limited as of and for the year ended December 31, 2018 comprise the Company and its subsidiaries and their interests in associates and jointly controlled entities. Collectively, these entities are referred to as the "Group."

The Group is principally engaged in the manufacture and supply of consumer food and beverage packaging and storage products, primarily in North America, Asia, Europe and South America.

The address of the registered office of the Company is c/o: Rank Group Limited, Level 9, 148 Quay Street, Auckland 1010, New Zealand.

**2. Basis of preparation**

**2.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the Board of Directors (the "Directors") on February 13, 2019 in Chicago, Illinois (February 14, 2019 in Auckland, New Zealand).

**2.2 Going concern**

The consolidated financial statements have been prepared using the going concern assumption.

**2.3 Basis of measurement**

The consolidated financial statements have been prepared under the historical cost convention except for:

- certain components of inventory which are measured at net realizable value;
- defined benefit pension plan liabilities and post-employment medical plan liabilities which are measured under the projected unit credit method; and
- certain assets and liabilities, such as derivatives, which are measured at fair value.

Information disclosed in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the current year is for the twelve month period ended December 31, 2018. Information for the comparative years is for the twelve month periods ended December 31, 2017 and December 31, 2016.

**2.4 Presentation currency**

These consolidated financial statements are presented in U.S. dollars ("\$"), which is the Group's presentation currency.

**2.5 Use of estimates and judgements**

The preparation of the consolidated financial statements requires the Directors and management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Information about the areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is described in note 4.

**3. Significant accounting policies**

Except as detailed in note 3.15, the accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements by all Group entities.

**3.1 Basis of consolidation**

**(a) Subsidiaries**

Subsidiaries are entities controlled by the parent of the Group. Control is achieved when the parent of the Group: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns from the investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there have been changes to one or more of these three elements of control. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

**Reynolds Group Holdings Limited**  
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The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, including the fair value of any contingent consideration and share-based payment awards (as measured in accordance with IFRS 2 "Share Based Payments") of the acquiree that are mandatorily replaced as a result of the transaction. Transaction costs that the Group incurs in connection with an acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are initially recognized at their proportionate share of the fair value of the net assets acquired.

During the measurement period, an acquirer can report provisional information for a business combination if by the end of the reporting period in which the combination occurs the accounting is incomplete. The measurement period, however, ends at the earlier of when the acquirer has received all of the necessary information to determine the fair values or one year from the date of the acquisition.

**(b) Joint ventures and associates**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting.

**(c) Transactions between entities under common control**

Common control transactions arise between entities that are under the ultimate ownership of the common sole shareholder, Mr. Graeme Hart.

Acquisitions of businesses under common control are accounted for as follows:

- predecessor value method requires the financial statements to be prepared using predecessor book values without any step up to fair values;
- premium or discount on acquisition is calculated as the difference between the total consideration paid and the book value of the share capital of the acquired entity, and is recognized directly in equity as a component of a separate reserve; and
- the results of operations and cash flows of the acquired entity are included on a restated basis in the financial statements from the date that common control originally commenced (i.e., from the date the business was acquired by Mr. Graeme Hart) as though the entities had always been combined from the common control date forward.

**(d) Transactions eliminated on consolidation**

Intra-group balances and unrealized items of income and expense arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

**(e) Transactions with non-controlling interests**

The Group accounts for transactions with non-controlling interests as transactions with the equity owner of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**3.2 Foreign currency**

**(a) Functional currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is New Zealand dollars ("NZ\$").

**(b) Foreign currency transactions**

Foreign currency transactions are converted into the functional currency of the entity using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the respective entities at the exchange rate at that date.

Foreign currency transactional gains or losses are recognized in the statement of comprehensive income as a component of profit or loss, unless the underlying transaction is recognized directly in equity.

**(c) Foreign currency translations**

The results of operations and financial position of those entities that have a functional currency different from the presentation currency of the Group are translated into the Group's presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the reporting date of the statement of financial position;
- (ii) income and expense items for each profit or loss item are translated at average exchange rates;



- (iii) items of other comprehensive income are translated at average exchange rates; and
- (iv) all resulting exchange differences are recognized as a separate component of equity.

**Reynolds Group Holdings Limited**  
**Notes to the consolidated financial statements**  
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On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized as a component of equity and included in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income as part of the gain or loss on the sale.

**(d) Significant exchange rates**

The following significant exchange rates applied during the year:

	Average rate for the year ended December 31,			As of December 31,	
	2018	2017	2016	2018	2017
1 €	1.18	1.13	1.11	1.14	1.19
10 MXN	0.52	0.53	0.54	0.51	0.51
1 NZ\$	0.69	0.71	0.70	0.67	0.71
1 CA\$	0.77	0.77	0.75	0.73	0.80

**3.3 Non-derivative financial instruments**

Non-derivative financial instruments are comprised of cash and cash equivalents, trade and other receivables, trade and other payables and interest bearing borrowings.

A non-derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Non-derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognized initially at fair value, plus any directly attributable transaction costs for instruments not at fair value through profit or loss. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to offset exists and the Group intends to either settle the instrument net or realize the asset and liability simultaneously.

Upon initial acquisition the Group classifies its financial instruments in one of the following categories, which is dependent on the purpose for which the financial instruments were acquired or assumed.

**(a) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of less than three months. Bank overdrafts are included in borrowings and are classified as current liabilities in the statement of financial position except if repayable on demand, in which case they are included separately as a component of current liabilities. In the statement of cash flows, bank overdrafts are included as a component of cash and cash equivalents.

**(b) Loans and receivables**

The Group's loans and receivables are comprised of trade and other receivables (including related party receivables) which are stated at their cost less provision for impairment.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Given the short-term nature of trade receivables the carrying amount is a reasonable approximation of fair value.

**(c) Other liabilities**

Other liabilities are comprised of all non-derivative financial liabilities that are not disclosed as liabilities at fair value through profit or loss. Other liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The Group's other liabilities are comprised of trade and other payables and interest bearing borrowings, including those with related parties. The Group's other liabilities are measured as follows:

**(i) Trade and other payables**

Subsequent to initial recognition trade and other payables are stated at amortized cost using the effective interest method.

**(ii) Interest bearing borrowings including related party borrowings**

On initial recognition, borrowings are stated at fair value less transaction costs that are directly attributable to borrowings. Subsequent to initial recognition interest bearing borrowings are stated at amortized cost. Any difference between the amortized cost and

the redemption value is recognized in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated by discounting the future contractual cash flows at the current market interest rates that are available for similar financial instruments.

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**3.4 Derivative financial instruments**

A derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of an instrument at the trade date.

All derivatives are recognized at fair value based on a valuation model which includes consideration of credit risk, where applicable, and discounts the estimated future cash flows based on the terms and maturity of each contract using forward curves and market interest rates at the reporting date. Transaction costs are expensed as incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognized in the statement of comprehensive income as a component of profit or loss unless the derivative financial instrument qualifies for hedge accounting, and the Group elects to apply hedge accounting.

Derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to offset exists.

Derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the instrument expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Embedded derivatives are separated from the host contract and accounted for separately if the following conditions are met:

- (i) the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (iii) the combined instrument is not measured at fair value through profit or loss.

At the time of initial recognition of the embedded derivative an equal adjustment is also recognized against the host contract. The adjustment against the host contract is amortized over the remaining life of the host contract using the effective interest method.

Any embedded derivatives that are separated are measured at fair value with changes in fair value recognized through net financial expenses in the statement of comprehensive income as a component of profit or loss.

**3.5 Inventories**

**(a) Raw materials, work in progress and finished goods**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

**(b) Engineering and maintenance materials**

Engineering and maintenance materials (representing either critical or long order components) are measured at the lower of cost and net realizable value. The cost of these inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is determined with reference to the cost of replacement of such items in the ordinary course of business compared to the current market prices.

**3.6 Property, plant and equipment**

**(a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Property, plant and equipment acquired in a business combination is recorded at fair value, which is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of property, plant and equipment, which is determined by management, is based on the quoted market prices for similar items where available or based on the assessment of appropriately qualified independent valuers.

**(b) Assets under construction**

Assets under construction are transferred to the appropriate asset category when they are ready for their intended use. Assets under construction are not depreciated but tested for impairment at least annually or when there is an indication of impairment.

**Reynolds Group Holdings Limited**  
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**(c) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as a component of profit or loss as incurred.

**(d) Depreciation**

Land is not depreciated. Depreciation on other assets is recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives for the material classes of property, plant and equipment are as follows:

- Buildings 20 to 50 years
- Plant and equipment 3 to 25 years
- Furniture and fixtures 3 to 20 years

Depreciation methods, useful lives and residual values are reassessed on an annual basis.

Gains and losses on the disposal of items of property, plant and equipment are determined by comparing the proceeds at the time of disposal with the net carrying amount of the asset.

**3.7 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in borrowings as a finance lease obligation. Subsequent to initial recognition the liability is accounted for at amortized cost using the effective interest method and the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges which are recognized in the statement of comprehensive income as a component of profit or loss are allocated to each period during the lease term so as to reflect a constant rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the periods in which the payments are incurred.

Payments made under operating leases are recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the terms of the lease, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent lease payments arising under operating leases are recognized as an expense in the period in which the payments are incurred. Presently, all payments under operating leases are recognized on a straight-line basis over the term of the lease in the statement of comprehensive income.

In the event that lease incentives are received to enter into an operating lease, such incentives are deferred and recognized as a liability. The aggregated benefits of the lease incentives are amortized as a reduction to the lease expenses on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**3.8 Intangible assets**

**(a) Goodwill**

Goodwill arises on the acquisition of subsidiaries and business operations and is recognized at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest in the acquiree over the fair value of the identifiable net assets recognized. Goodwill is allocated to the operations that are expected to benefit from the business combination in which the goodwill arose after the allocation of purchase consideration is finalized.

Goodwill is not amortized. Goodwill is measured at cost less accumulated impairment losses and is tested at least annually for impairment. Goodwill is monitored for impairment testing at the segment level, which is the lowest level within the Group at which goodwill is monitored for internal management purposes.

**(b) Trademarks**

Trademarks are measured at cost less accumulated amortization and accumulated impairment losses. Trademarks acquired in a business combination are initially measured at fair value based on the discounted estimated royalty payments that have been avoided as a result of owning the trademark. Certain acquired trademarks are considered indefinite life intangible assets as they represent the value accumulated in the brand which is expected to continue indefinitely into the future and are recognized at cost less accumulated impairment losses.



**Reynolds Group Holdings Limited**  
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**(c) Customer relationships**

Customer relationships represent the value attributable to purchased long-standing business relationships which have been cultivated over the years with customers. Customer relationships acquired in a business combination are initially recognized at fair value based on the discounted cash flows expected to be derived from the relationship. Customer relationships are amortized using the straight-line method over the estimated remaining useful lives of the relationships, which are based on customer attrition rates and projected cash flows.

**(d) Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technological knowledge and understanding, is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technologically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. Intangible assets arising from development activities are measured at cost less accumulated amortization and accumulated impairment losses. Other development expenditure that does not qualify for capitalization is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

**(e) Other intangible assets**

Other intangible assets comprise permits, software, technology and patents. Other intangible assets that have finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Other intangible assets that have indefinite useful lives are carried at cost less accumulated impairment losses.

**(f) Subsequent costs**

Subsequent costs with respect to intangible assets are capitalized only when the expenditure increases the future economic benefits embodied in the specific asset to which the expenditure relates and it can be reliably measured. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

**(g) Amortization**

Amortization is recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life intangibles, from the date that the intangible assets are available for use.

The estimated useful lives for the material classes of amortizable intangible assets are as follows:

- Trademarks 5 to 15 years
- Customer relationships 6 to 25 years
- Software/technology 3 to 15 years
- Patents 5 to 14 years

**3.9 Impairment**

The carrying amounts of the Group's assets are reviewed regularly and at least annually to determine whether there is any objective evidence of impairment. An impairment loss is recognized whenever the carrying amount of an asset, cash generating unit ("CGU") or group of CGUs exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognized in the statement of comprehensive income as a component of profit or loss.

**(a) Impairment of loans and receivables**

The Group's loans and receivables that are carried at amortized cost are assessed for impairment using the present value of estimated future cash flows. Long duration receivables are discounted using their original effective interest rate, while short duration receivables are not discounted.

Impairment is assessed on all instruments that are considered individually significant, based on that specific instrument's exposure. For trade receivables that are not individually significant, impairment is assessed on a portfolio basis, utilizing historical loss experiences on similarly aged portfolios.

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency with respect to interest or principal repayment; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio.

**(b) Non-financial assets**



The carrying amounts of the Group's non-financial assets, including goodwill and indefinite life intangible assets, are reviewed at least annually to determine whether there is any indication of impairment. If any such indicators exist then the asset's or CGU's recoverable amount is estimated.

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For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amounts are estimated at least annually and whenever there is an indication that they may be impaired.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the statement of comprehensive income as a component of profit or loss. Impairment losses recognized with respect to a segment are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other non-financial assets in the CGU on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In assessing the fair value less costs to dispose for goodwill and certain trademarks, the forecasted future Adjusted EBITDA (as defined in note 5) to be generated by the asset or segment being assessed is multiplied by a relevant market indexed multiple ("earnings multiple"). The fair value less cost to dispose of the Reynolds® and Hefty® trademarks is first evaluated at the trademark level using the relief from royalty method. If no indication of impairment is identified, no further measurement is required. If the relief from royalty method indicates a possible impairment, the trade name is tested at the branded CGU level. Fair value at the branded CGU level would be determined based on estimated future cash flows that are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

Indefinite life intangible assets other than goodwill and the Reynolds® and Hefty® trademarks discussed above consist primarily of the Graham Packaging trademark and permits associated with various production plants. The fair value less cost to dispose for other indefinite life intangible assets are evaluated at the applicable CGU level.

With respect to assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's revised carrying amount will not exceed the net carrying amount that would have been determined if no impairment loss had been recognized.

**3.10 Assets and liabilities classified as held for sale and discontinued operations**

**(a) Assets and liabilities classified as held for sale**

Assets (or disposal groups comprised of assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. They are stated at the lower of carrying amount and fair value less costs to dispose. Upon reclassification the Group ceases to depreciate or amortize non-current assets classified as held for sale. Impairment losses on initial classification of an asset to being held for sale and subsequent gains or losses on remeasurement are recognized in the statement of comprehensive income as a component of profit or loss. Gains are not recognized in excess of any prior cumulative impairment losses.

**(b) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary or business acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is revised as if the operation had been discontinued from the start of the earliest comparative period.

**3.11 Employee benefits**

**(a) Pension obligations**

The Group operates various defined contribution and defined benefit plans.

**(i) Defined contribution plans**

A defined contribution plan is a plan under which the employee and the Group pay fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions in relation to an employee's service in the current and prior years. The Group's contributions are recognized in the statement of comprehensive income as a component of profit or loss as incurred.

**(ii) Defined benefit plans**

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The Group's net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits that employees have earned in return for their service in the current and prior years. These benefits are then discounted to determine the present value of the Group's obligations. The discount rate used is the yield on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The Group's net obligation is then determined with reference to the fair value of the plan assets (if any). The calculations are performed by qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability, which include actuarial gains and losses and the return on plan assets (excluding calculated interest) are recognized in the period of remeasurement in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined

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benefit obligation at the beginning of the annual period to the beginning net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other plan expenses are recognized in profit or loss.

Past service costs are recognized as an expense in profit or loss at the earlier of the plan amendment or curtailment, or when the related restructuring or termination benefits are recognized.

The Group also participates in a limited number of multi-employer pension plans. To the extent that sufficient information is not available to use defined benefit plan accounting, the Group accounts for its participation in the multi-employer plan as if it were a defined contribution plan.

**(b) Short-term employee benefits**

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of comprehensive income as a component of profit or loss as the related services are provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

**(c) Post-employment medical plans**

In certain jurisdictions the Group sponsors a number of defined benefit medical plans for certain existing employees and retirees. Typically these plans are unfunded and define a level of medical care that the individual will receive.

The Group's net obligation is calculated separately for each plan by estimating the current and future use of these services by eligible employees and the current and expected future medical costs associated with such services, which are discounted to determine their present value. The discount rate used is the yield on bonds that are denominated in the currency and jurisdiction in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed by qualified actuaries using the projected unit credit method with the use of mortality tables published by government agencies.

Past service costs are recognized in the statement of comprehensive income as a component of profit or loss in the current year.

**(d) Termination benefits**

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

**3.12 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision for the passage of time is recognized in financial expenses in the statement of comprehensive income as a component of profit or loss.

**(a) Legal**

The Group is subject to litigation in the ordinary course of operations. Provisions for legal claims are recognized when estimated costs associated with settling current legal proceedings are considered probable. Provisions may include estimated legal and other fees associated with settling these claims.

**(b) Restructuring**

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Business closure and rationalization provisions can include such items as employee severance or termination pay, site closure costs and onerous leases. No provision is made for future operating costs.

**(c) Asset retirement obligations**

A provision for decommissioning costs is recognized when the Group has an obligation to fulfill certain requirements upon the disposal of particular assets.

**3.13 Self-insured employee obligations**

**(a) Self-insured employee workers' compensation**

The Group is self-insured with respect to its workers' compensation obligations in the United States. As a component of its self-insured status the Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2018, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in provisions.



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**(b) Self-insured employee health insurance**

The Group is self-insured for certain employee health insurance. The Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2018, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in employee benefits.

**3.14 Equity**

**(a) Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

**(b) Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currencies to the Group's presentation currency.

**(c) Other reserves**

The other reserves comprise balances resulting from transactions between entities under common control and remeasurement gains and losses arising on defined benefit plans.

In accordance with the Group's accounting policy for transactions between entities under common control (refer to note 3.1(c)), the Group has recognized in other reserves the difference between the total consideration paid for the businesses acquired and the book value of the share capital of the parent companies acquired for the transactions which occurred on November 5, 2009, May 4, 2010 and September 1, 2010.

**3.15 Revenue**

**(a) Revenue recognition for the year ended December 31, 2018**

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers." IFRS 15 contains a revised revenue recognition framework which provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised products or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those products or services. In accordance with the transition provisions in IFRS 15, the Group has elected to adopt the new rules using the modified retrospective method, in which case the cumulative effect of applying the standard is to be recognized at the date of initial application. Accordingly, the cumulative effect was recognized as of January 1, 2018. The Group elected to apply this method to all contracts that were not completed at the date of initial application. The adoption resulted in changes in accounting policies and immaterial adjustments to the amounts recognized in the financial statements, including the cumulative impact to retained earnings at January 1, 2018 as well as the results for the year ended December 31, 2018.

The Group manufactures and sells a range of consumer food, beverage and food service packaging products. The Group enters into a variety of arrangements with customers, including pricing arrangements and master supply arrangements, which outline the terms under which the Group does business with a specific customer. The Group also sells to some customers solely based on purchase orders. The Group has concluded that for the vast majority of its revenue, its contracts with customers are either a purchase order or the combination of a purchase order with a master supply arrangement.

Revenue is recognized for these arrangements over time or at a point in time depending on the Group's evaluation of when the customer obtains control of the promised products or services. Revenue from customer products which have no alternative use, for which an enforceable right to payment exists, is recognized over time due to the continuous transfer of control to the customer. This continuous transfer of control to the customer is supported by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience or by contractual termination clauses, and requires that the customer pay the Group for costs incurred plus a reasonable profit. Therefore, the Group will recognize revenue earlier for these arrangements, such that a portion of revenue will be recognized prior to the delivery of these products. All other revenue is recognized at a point in time, which is typically on delivery. All revenue is recognized net of any related rebates, discounts and tax. Refer to note 5 for additional information on disaggregated revenue.

The nature of the Group's contracts gives rise to several types of variable consideration. The recognition of revenue is dependent on the terms of the individual arrangements of a sale. In arriving at net revenue, the Group estimates the amount of deductions from revenue that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts. In addition, in certain businesses, the Group participates in customer pricing programs that provide price discounts to the ultimate end-users of the Group's products in the form of redeemable coupons. The Group's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of anticipated performance and all information reasonably available to the Group, including historical and current market trends which are affected by seasonality and competitiveness of promotional programs being offered. Accumulated experience is used to estimate and provide for the expected value of these discounts. The Group includes estimated amounts in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates are reviewed quarterly for possible revisions. In the event that future revenue deduction trends vary significantly from past or expected trends, reported revenue may increase or decrease by a material amount.

For arrangements that include multiple performance obligations, the Group allocates revenue to each performance obligation based on estimates of the price that would be charged to the customer for each promised product or service if it were sold on a standalone basis. The durations for



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these arrangements are short-term, not exceeding one year. The Group has elected to apply the practical expedients not to disclose additional information about its remaining performance obligations.

The Group does not have any material contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group does not incur any significant costs to obtain a contract.

**(b) Revenue recognition for the years ended December 31, 2017 and 2016**

Revenue consists primarily of the sale of goods and is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, volume rebates and other customer incentives. Revenue is recognized when the significant risks and rewards of ownership have been substantially transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards of ownership vary depending on the individual terms of the contract of sale and occur either upon shipment of the goods or upon receipt of the goods and/or their installation at a customer location.

**3.16 Financial income and expenses**

Financial income is comprised of interest income, foreign currency gains and gains on derivative financial instruments in respect of financing activities that are recognized in the statement of comprehensive income as a component of profit or loss. Interest income is recognized as it accrues using the effective interest method.

Financial expenses are comprised of interest expense, amortization of capitalized transaction costs, foreign currency losses, losses on early extinguishment of debt, borrowing costs not qualifying for capitalization and losses on derivative financial instruments with respect to financing activities that are recognized in the statement of comprehensive income as a component of profit or loss.

**3.17 Income tax**

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of comprehensive income as a component of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized with the associated items on a net basis.

Current tax is the expected tax payable (refundable) on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable (refundable) with respect to previous years.

Deferred tax is recognized using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized when the Group considers it more likely than not that the deferred tax asset will be recoverable. In determining if a deferred tax asset is recoverable, the Group considers the adequacy of future taxable income, including the reversal of taxable temporary differences, forecasted earnings, and available tax planning strategies. The recoverability of deferred tax assets is reviewed at each reporting date.

Deferred income tax assets and liabilities of the same taxing jurisdiction are netted in the consolidated statement of financial position only to the extent that there is a legally enforceable right to offset current tax assets and current tax liabilities, the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxing authority and are expected to be settled on a net basis or realized simultaneously.

For subsidiaries in which the earnings are not considered to be permanently reinvested, the additional tax consequences of future dividend distributions are provided for in the consolidated statement of financial position.

**3.18 Sales tax, value added tax and goods and services tax**

All amounts (including cash flows) are shown exclusive of sales tax, value added tax ("VAT") and goods and services tax ("GST") to the extent the taxes are reclaimable, except for receivables and payables that are stated inclusive of sales tax, VAT and GST.

**3.19 New and revised accounting standards and interpretations**

**(a) Interpretations and amendments to existing standards effective in 2018**

There have been no other interpretations or amendments to existing standards effective in 2018 that have an impact on the Group's financial statements.





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**(b) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group**

The following standards and amendments to existing standards are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these consolidated financial statements:

In February 2018, the IASB issued an amendment to IAS 19, "Employee Benefits." This amendment requires an entity to: (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognize in profit or loss as part of past service costs, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment is applied prospectively to plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period beginning on or after January 1, 2019. The adoption of this amendment is not expected to have an impact on the Group's consolidated financial statements.

In June 2017, the IASB issued IFRIC Interpretation 23, "Uncertainty over Income Tax Treatments." IFRIC 23 is to be applied while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. The interpretation is effective for annual periods beginning on or after January 1, 2019, although early adoption is permitted. The adoption of this interpretation is not expected to have a material impact on the Group's consolidated financial statements.

In January 2016, the IASB issued IFRS 16 "Leases." The new standard supersedes IAS 17 "Leases" and related interpretations, and its objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model whereby a lessee is required to record a right-of-use asset and a lease liability for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and the subsequent depreciation of the right-of-use asset over the lease term. In addition, IFRS 16 replaces a portion of the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019. The Group will adopt IFRS 16 effective January 1, 2019 using a modified retrospective method and will not restate comparative periods. The Group is electing the practical expedients available under the transition guidance, which, among other things, allows a recognition exemption for short term and low value leases and the use of hindsight. Upon adoption, the Group expects to record right-of-use assets and lease liabilities in the range of approximately \$348 million to \$426 million, representing the present value of future lease payments with terms of greater than 12 months. While the Group is substantially complete with the implementation efforts, IFRS 16 also requires expanded disclosure regarding the amounts, timing and uncertainties of cash flows related to the Group's lease portfolio. The Group is evaluating these disclosure requirements and is incorporating the collection of relevant data into its processes in preparation for disclosure in 2019.

#### **4. Critical accounting estimates and assumptions**

In the process of applying the Group's accounting policies management has made certain estimates and assumptions about the carrying amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The key assumptions concerning the future and other key sources of uncertainty with respect to estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are as follows:

##### **4.1 Impairment of assets**

###### **(a) Goodwill and indefinite life intangible assets**

Determining whether goodwill is impaired requires estimation of the recoverable values of a segment, which is the lowest level within the Group at which goodwill is monitored for internal management purposes. Determining whether indefinite life intangible assets are impaired requires estimation of the recoverable values of a CGU or group of CGUs to which these assets have been allocated. Recoverable values have been based on the higher of fair value less costs to dispose and value in use (as appropriate for the asset being reviewed). Significant judgment is involved with estimating the fair value of a segment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the segment and a suitable discount rate in order to calculate present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets, the assumptions used in impairment testing and an impairment charge recorded at Graham Packaging in the current year are provided in note 13.

###### **(b) Other assets**

Other assets, including property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A change in the Group's intended use of certain assets, such as a decision to rationalize manufacturing locations, may trigger a future impairment.

##### **4.2 Income taxes**

Determining the Group's worldwide income tax provision and income tax liability requires significant judgment and the use of accounting estimates and assumptions, some of which are highly uncertain. Each taxing jurisdiction's laws are complex and subject to differing interpretations by the taxpayer and the respective taxing authorities. Significant judgment is required in evaluating the Group's tax positions, including evaluating uncertainties. To the extent actual results differ from these estimates in future periods and depending on the tax strategies that the Group may implement, the Group's financial position may be directly affected.



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**4.3 Realization of deferred tax assets**

Deferred tax assets represent deductions available to reduce taxable income in future years. The Group evaluates the recoverability of deferred tax assets by assessing the adequacy of future taxable income, including reversal of taxable temporary differences, forecasted earnings and available tax planning strategies. The forecasts of future taxable income rely heavily on the use of estimates. The Group recognizes deferred tax assets when the Group considers it more likely than not that the deferred tax asset will be recoverable.

**4.4 Measurement of obligations under defined benefit plans**

The Group operates a number of defined benefit pension plans. Amounts recognized under these plans are determined using actuarial methods. These actuarial valuations involve assumptions regarding discount rates, expected salary increases and life expectancy. These assumptions are reviewed at least annually and reflect estimates as of the measurement date.

Any change in these assumptions will impact the amounts reported in the statements of financial position, as well as net pension expense or income that may be recognized in future years.

**4.5 Promotional and trade allowances**

In arriving at net sales, the Group estimates the amount of deductions from sales that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts for consumer programs. In addition, in certain of its businesses, the Group pays slotting fees and participates in customer pricing programs that provide price discounts to the ultimate end-users of its products in the form of redeemable coupons. Estimates for each of these programs are based on historical and current market trends which are affected by the business seasonality and competitiveness of promotional programs being offered. Estimates are reviewed quarterly for possible revisions.

**5. Segment reporting**

The Group's reportable business segments are as follows:

- Reynolds Consumer Products — Reynolds Consumer Products is a manufacturer of branded and store branded consumer products such as aluminum foil, wraps, waste bags, food storage bags and disposable tableware and cookware.
- Pactiv Foodservice — Pactiv Foodservice is a manufacturer of foodservice and food packaging products. Pactiv Foodservice offers a comprehensive range of products including tableware items, takeout service containers, clear rigid-display packaging, microwaveable containers, foam trays, dual-ovenable paperboard containers, cups and lids, molded fiber and plastic egg cartons, meat and poultry trays, absorbent tray pads, plastic film and aluminum containers.
- Graham Packaging — Graham Packaging is a designer and manufacturer of value-added, custom blow-molded plastic containers for consumer products.
- Evergreen — Evergreen is a vertically integrated manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk end-markets. Evergreen supplies integrated fresh carton packaging systems, which can include fresh cartons, spouts and filling machines. Evergreen produces liquid packaging board for its internal requirements and to sell to other manufacturers. Evergreen also produces paper products for commercial printing.
- Closures — Closures is a manufacturer of plastic and aluminum beverage caps, closures and high speed rotary capping equipment, primarily serving the carbonated soft drink, non-carbonated soft drink and bottled water segments of the global beverage market.

The Chief Operating Decision Maker does not review the business activities of the Group based on geography.

The accounting policies applied by each segment are the same as the Group's accounting policies. Results from operating activities represent the profit earned by each segment without allocation of central administrative revenues and expenses, financial income and expenses, and income tax benefit or expense.

The performance of the operating segments is assessed by the Chief Operating Decision Maker based on Adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense or benefit, net financial income or expenses, depreciation and amortization, adjusted to exclude certain items of a significant or unusual nature, including but not limited to acquisition costs, non-cash pension income or expense, restructuring costs, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write-downs and equity method profit not distributed in cash.

Segment assets and liabilities exclude intercompany balances as a result of trade and borrowings between the segments. Corporate/unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions between segments.

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**Business segment reporting**

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(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,980	3,267	2,087	1,504	822	—	10,660
Total inter-segment revenue	164	511	—	99	39	(813)	—
<b>Total segment revenue</b>	<b>3,144</b>	<b>3,778</b>	<b>2,087</b>	<b>1,603</b>	<b>861</b>	<b>(813)</b>	<b>10,660</b>
Gross profit	849	606	265	233	142	(1)	2,094
Expenses and other income	(289)	(293)	(404)	(65)	(59)	(130)	(1,240)
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>560</b>	<b>313</b>	<b>(139)</b>	<b>168</b>	<b>83</b>	<b>(131)</b>	<b>854</b>
Financial income							46
Financial expenses							(865)
<b>Profit (loss) from continuing operations before income tax</b>							<b>35</b>
Income tax (expense) benefit							(40)
<b>Profit (loss) from continuing operations</b>							<b>(5)</b>
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>560</b>	<b>313</b>	<b>(139)</b>	<b>168</b>	<b>83</b>	<b>(131)</b>	<b>854</b>
Depreciation and amortization from continuing operations	83	204	253	63	52	—	655
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</b>	<b>643</b>	<b>517</b>	<b>114</b>	<b>231</b>	<b>135</b>	<b>(131)</b>	<b>1,509</b>

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For the year ended December 31, 2018

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>643</b>	<b>517</b>	<b>114</b>	<b>231</b>	<b>135</b>	<b>(131)</b>	<b>1,509</b>
Included in EBITDA:							
Asset impairment charges, net of reversals	—	7	229	—	4	—	240
(Gain) loss on sale or disposal of businesses and non-current assets	—	23	—	—	(31)	—	(8)
Non-cash pension expense	—	—	—	—	—	56	56
Operational process engineering-related consultancy costs	—	14	—	—	—	—	14
Related party management fee	—	—	—	—	—	28	28
Restructuring costs, net of reversals	—	2	7	—	8	—	17
Unrealized (gain) loss on derivatives	14	6	—	2	—	—	22
Other	(5)	—	(1)	(3)	—	3	(6)
<b>Adjusted EBITDA from continuing operations</b>	<b>652</b>	<b>569</b>	<b>349</b>	<b>230</b>	<b>116</b>	<b>(44)</b>	<b>1,872</b>
<b>Segment assets (excluding intercompany balances)</b>	<b>4,108</b>	<b>4,702</b>	<b>3,958</b>	<b>1,129</b>	<b>994</b>	<b>1,287</b>	<b>16,178</b>
Included in segment assets are:							
Additions to property, plant and equipment	82	243	130	65	40	5	565
Additions to intangible assets	1	16	2	—	—	3	22
<b>Segment liabilities (excluding intercompany balances)</b>	<b>593</b>	<b>880</b>	<b>705</b>	<b>371</b>	<b>235</b>	<b>11,768</b>	<b>14,552</b>

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For the year ended December 31, 2017

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,807	3,237	2,147	1,448	885	—	10,524
Total inter-segment revenue	152	492	—	114	16	(774)	—
<b>Total segment revenue</b>	<b>2,959</b>	<b>3,729</b>	<b>2,147</b>	<b>1,562</b>	<b>901</b>	<b>(774)</b>	<b>10,524</b>
Gross profit	853	721	323	276	155	(6)	2,322
Expenses and other income	(283)	(319)	(188)	(79)	(103)	(128)	(1,100)
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>570</b>	<b>402</b>	<b>135</b>	<b>197</b>	<b>52</b>	<b>(134)</b>	<b>1,222</b>
Financial income							49
Financial expenses							(750)
<b>Profit (loss) from continuing operations before income tax</b>							<b>521</b>
Income tax (expense) benefit							(81)
<b>Profit (loss) from continuing operations</b>							<b>440</b>
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>570</b>	<b>402</b>	<b>135</b>	<b>197</b>	<b>52</b>	<b>(134)</b>	<b>1,222</b>
Depreciation and amortization from continuing operations	86	205	257	59	66	1	674
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</b>	<b>656</b>	<b>607</b>	<b>392</b>	<b>256</b>	<b>118</b>	<b>(133)</b>	<b>1,896</b>

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For the year ended December 31, 2017

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>656</b>	<b>607</b>	<b>392</b>	<b>256</b>	<b>118</b>	<b>(133)</b>	<b>1,896</b>
Included in EBITDA:							
Asset impairment charges, net of reversals	—	36	7	—	2	—	45
Non-cash pension expense, net of settlement gain	—	—	—	—	—	58	58
Operational process engineering-related consultancy costs	3	12	—	—	—	—	15
Related party management fee	—	—	—	—	—	31	31
Restructuring costs, net of reversals	5	8	4	2	4	—	23
Unrealized (gain) loss on derivatives	(4)	2	—	1	1	—	—
Other	—	12	(6)	(1)	6	(1)	10
<b>Adjusted EBITDA from continuing operations</b>	<b>660</b>	<b>677</b>	<b>397</b>	<b>258</b>	<b>131</b>	<b>(45)</b>	<b>2,078</b>
<b>Segment assets (excluding intercompany balances)</b>	<b>4,122</b>	<b>4,743</b>	<b>4,430</b>	<b>1,163</b>	<b>1,147</b>	<b>1,077</b>	<b>16,682</b>
Included in segment assets are:							
Additions to property, plant and equipment	55	104	136	63	31	3	392
Additions to intangible assets	2	2	4	3	—	1	12
<b>Segment liabilities (excluding intercompany balances)</b>	<b>596</b>	<b>881</b>	<b>814</b>	<b>386</b>	<b>255</b>	<b>12,098</b>	<b>15,030</b>

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For the year ended December 31, 2016

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,790	3,254	2,223	1,467	912	—	10,646
Total inter-segment revenue	146	494	—	113	16	(769)	—
<b>Total segment revenue</b>	<b>2,936</b>	<b>3,748</b>	<b>2,223</b>	<b>1,580</b>	<b>928</b>	<b>(769)</b>	<b>10,646</b>
Gross profit	873	691	335	315	173	—	2,387
Expenses and other income	(307)	(333)	(202)	(88)	(108)	(204)	(1,242)
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>566</b>	<b>358</b>	<b>133</b>	<b>227</b>	<b>65</b>	<b>(204)</b>	<b>1,145</b>
Financial income							169
Financial expenses							(1,042)
<b>Profit (loss) from continuing operations before income tax</b>							<b>272</b>
Income tax (expense) benefit							(105)
<b>Profit (loss) from continuing operations</b>							<b>167</b>
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>566</b>	<b>358</b>	<b>133</b>	<b>227</b>	<b>65</b>	<b>(204)</b>	<b>1,145</b>
Depreciation and amortization from continuing operations	92	223	269	57	65	1	707
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</b>	<b>658</b>	<b>581</b>	<b>402</b>	<b>284</b>	<b>130</b>	<b>(203)</b>	<b>1,852</b>

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(In \$ million)	For the year ended December 31, 2016						Total
	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>658</b>	<b>581</b>	<b>402</b>	<b>284</b>	<b>130</b>	<b>(203)</b>	<b>1,852</b>
Included in EBITDA:							
Asset impairment charges, net of reversals	—	28	11	—	6	—	45
Non-cash change in multi-employer pension plan withdrawal liability	—	(1)	—	(10)	—	—	(11)
Non-cash pension expense	—	—	—	—	—	124	124
Operational process engineering-related consultancy costs	—	21	—	—	—	—	21
Related party management fee	—	—	—	—	—	40	40
Restructuring costs, net of reversals	—	31	12	1	5	—	49
Unrealized (gain) loss on derivatives	(8)	(7)	—	(3)	(2)	—	(20)
Other	—	9	(4)	(2)	(1)	1	3
<b>Adjusted EBITDA from continuing operations</b>	<b>650</b>	<b>662</b>	<b>421</b>	<b>270</b>	<b>138</b>	<b>(38)</b>	<b>2,103</b>

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**Reynolds Group Holdings Limited**  
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**Information about geographic area**

The Group's revenue from external customers from continuing operations and information about its segment assets (total non-current assets excluding financial instruments, non-current receivables and deferred tax assets) by geographic origin are detailed below. In presenting information on a geographic basis, revenue and assets have been reported based on the location of the business operations.

(In \$ million)	United States	Remaining North American Region	Asia	Europe	South America	Other	Total
<b>Total external revenue</b>							
<b>For the year ended December 31, 2018</b>							
Reynolds Consumer Products	3,081	61	2	—	—	—	3,144
Pactiv Foodservice	3,396	354	27	1	—	—	3,778
Graham Packaging	1,787	105	5	136	54	—	2,087
Evergreen	1,401	35	167	—	—	—	1,603
Closures	414	82	160	113	82	10	861
Corporate / unallocated*	(793)	(19)	—	(1)	—	—	(813)
<b>Total revenue for 2018</b>	<b>9,286</b>	<b>618</b>	<b>361</b>	<b>249</b>	<b>136</b>	<b>10</b>	<b>10,660</b>
<b>For the year ended December 31, 2017</b>							
Reynolds Consumer Products	2,865	92	2	—	—	—	2,959
Pactiv Foodservice	3,299	345	28	57	—	—	3,729
Graham Packaging	1,790	116	29	155	57	—	2,147
Evergreen	1,371	36	155	—	—	—	1,562
Closures	370	81	238	107	95	10	901
Corporate / unallocated*	(733)	(38)	(3)	—	—	—	(774)
<b>Total revenue for 2017</b>	<b>8,962</b>	<b>632</b>	<b>449</b>	<b>319</b>	<b>152</b>	<b>10</b>	<b>10,524</b>
<b>For the year ended December 31, 2016</b>							
Reynolds Consumer Products	2,844	90	2	—	—	—	2,936
Pactiv Foodservice	3,287	321	30	110	—	—	3,748
Graham Packaging	1,838	123	44	161	57	—	2,223
Evergreen	1,393	39	148	—	—	—	1,580
Closures	373	84	241	112	107	11	928
Corporate / unallocated*	(729)	(37)	(3)	—	—	—	(769)
<b>Total revenue for 2016</b>	<b>9,006</b>	<b>620</b>	<b>462</b>	<b>383</b>	<b>164</b>	<b>11</b>	<b>10,646</b>
<b>Non-current assets</b>							
As of December 31, 2018	11,664	266	176	159	57	23	12,345
As of December 31, 2017	11,861	279	179	213	79	74	12,685

\* Corporate/unallocated includes eliminations of transactions between segments.

There was no revenue from external customers in New Zealand, where the Company is domiciled, for any years presented. There were no non-current assets in New Zealand as of December 31, 2018 (2017: \$49 million).

**Information about major customers**

The Group had revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue. The revenue attributable to this customer for the year ended December 31, 2018 was \$1,268 million (2017: \$1,163 million, 2016: \$1,104 million) and is reported in the Reynolds Consumer Products segment.

**Information about major product lines**

Supplemental information on net sales by major product line for continuing operations is set forth below:

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(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Reynolds Consumer Products</b>			
Waste and storage products	1,227	1,157	1,166
Cooking products	1,160	1,071	1,060
Tableware	757	731	710
<b>Pactiv Foodservice</b>			
Foodservice Packaging	3,778	3,729	3,748
<b>Graham Packaging</b>			
Food and beverage plastic containers	1,443	1,487	1,541
All other plastic containers	644	660	682
<b>Evergreen</b>			
Carton packaging	799	774	809
Liquid packaging board	438	453	414
Paper products	366	335	357
<b>Closures</b>			
Caps and closures	861	901	928
<b>Corporate / unallocated*</b>			
Inter-segment eliminations	(813)	(774)	(769)
<b>Total Revenue</b>	<b>10,660</b>	<b>10,524</b>	<b>10,646</b>

\* Corporate/unallocated includes eliminations of transactions between segments.

## 6. Net other income (expenses)

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Asset impairment charges, net of reversals	(240)	(45)	(45)
Gain (loss) on sale or disposal of businesses and non-current assets	8	(11)	(4)
Net foreign currency exchange gains (losses)	(2)	(2)	(10)
Related party management fee (refer to note 20)	(28)	(31)	(40)
Unrealized gain (loss) on derivatives (refer to note 19)	(22)	—	18
Other	5	11	9
<b>Net other income (expenses)</b>	<b>(279)</b>	<b>(78)</b>	<b>(72)</b>

Asset impairment charges for the year ended December 31, 2018 include a \$206 million goodwill impairment charge recorded at Graham Packaging. For further details, refer to note 13.

## 7. Personnel expenses

Personnel expenses recognized in continuing operations in the statements of comprehensive income were \$2,057 million for the year ended December 31, 2018 (2017: \$2,058 million; 2016: \$2,122 million). Personnel expenses include salaries, wages, employee related taxes, short-term employee benefits, pension benefits (including plans assumed), post-employment medical benefits, other long-term employee benefits and non-cash pension expense related to the exit from a multi-employer pension plan. For additional details related to the post-employment benefit plans, refer to note 16.

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**8. Financial income and expenses**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Interest income	5	3	5
Interest income on related party loans (refer to note 20)	17	17	17
Net gain in fair value of derivatives	—	29	134
Net foreign currency exchange gain	24	—	13
<b>Financial income</b>	<b>46</b>	<b>49</b>	<b>169</b>
Interest expense:			
Securitization Facility	(16)	(13)	(9)
Credit Agreement	(166)	(146)	(119)
Reynolds Notes:			
7.125% Senior Secured Notes due 2019	—	—	(26)
7.875% Senior Secured Notes due 2019	—	—	(27)
5.750% Senior Secured Notes due 2020	(180)	(186)	(186)
6.875% Senior Secured Notes due 2021	(26)	(44)	(65)
Floating Rate Senior Secured Notes due 2021	(35)	(35)	(16)
5.125% Senior Secured Notes due 2023	(82)	(82)	(41)
8.500% Senior Notes due 2018	—	—	(28)
9.000% Senior Notes due 2019	—	—	(28)
9.875% Senior Notes due 2019	—	—	(83)
8.250% Senior Notes due 2021	—	(4)	(75)
7.000% Senior Notes due 2024	(56)	(56)	(29)
2013 Notes:			
5.625% Senior Notes due 2016	—	—	(30)
6.000% Senior Subordinated Notes due 2017	—	—	(18)
Pactiv Notes:			
8.125% Debentures due 2017	—	(11)	(24)
6.400% Notes due 2018	—	(1)	(1)
7.950% Debentures due 2025	(22)	(22)	(22)
8.375% Debentures due 2027	(17)	(17)	(17)
Amortization of:			
Transaction costs	(16)	(17)	(28)
Fair value adjustment of acquired notes	(1)	1	2
Embedded derivatives	6	7	8
Net loss in fair value of derivatives	(245)	—	—
Net foreign currency exchange loss	—	(44)	—
Loss on extinguishment of debt <sup>(a)(b)(c)</sup>	(3)	(67)	(168)
Other	(6)	(13)	(12)
<b>Financial expenses</b>	<b>(865)</b>	<b>(750)</b>	<b>(1,042)</b>
<b>Net financial income (expenses)</b>	<b>(819)</b>	<b>(701)</b>	<b>(873)</b>

(a) The 2018 loss on extinguishment of debt included \$3 million of redemption premiums related to the repayment of the 6.875% Senior Secured Notes due 2021.

- (b) The 2017 loss on extinguishment of debt included \$56 million related to the write-off of unamortized transaction costs and embedded derivatives arising from the repurchase of the 8.250% Senior Notes, the Credit Agreement refinancing and the Securitization Facility refinancing as well as \$11 million of redemption premiums related to the repurchase of the 8.250% Senior Notes and 5.750% Senior Secured Notes due 2020.
- (c) The 2016 loss on extinguishment of debt included \$125 million of redemption premiums and tender fees related to the repurchase of certain senior secured notes and senior notes using the proceeds from the issuance of the 5.125% Senior Secured Notes due 2023, the Floating Rate Senior Secured Notes due 2021 and the 7.000% Senior Notes due 2024, available cash and additional borrowings under the previous Securitization Facility. Also included is \$43 million related to the write-off of unamortized transaction costs and embedded derivatives arising from the repurchase of these notes.

Refer to note 15 for information on the Group's borrowings.

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**9. Income tax**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Current tax (expense) benefit</b>			
Current year	(128)	(201)	(123)
Adjustments for prior years	(2)	2	(1)
	<b>(130)</b>	<b>(199)</b>	<b>(124)</b>
<b>Deferred tax (expense) benefit</b>			
Origination and reversal of temporary differences	83	100	16
Recognition of previously unrecognized tax losses and temporary differences	—	24	—
Adjustments for prior years	7	(6)	3
	<b>90</b>	<b>118</b>	<b>19</b>
<b>Income tax (expense) benefit</b>	<b>(40)</b>	<b>(81)</b>	<b>(105)</b>

In addition to the above amounts, the Group has recognized tax expense of \$10 million directly in other comprehensive income for the year ended December 31, 2018 (2017: \$25 million tax expense; 2016: \$45 million tax expense).

**9.1 Reconciliation of income tax expense**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Profit (loss) from continuing operations before income tax</b>	<b>35</b>	<b>521</b>	<b>272</b>
Income tax using the New Zealand tax rate of 28%	(10)	(146)	(76)
Effect of tax rates in foreign jurisdictions	(16)	(57)	(21)
Non-deductible expenses and permanent differences	(17)	(30)	(14)
Tax exempt income and income at a reduced tax rate	6	9	2
Goodwill impairment	(28)	—	—
Currency translation (gain) loss	(1)	25	11
Domestic manufacturing deduction	—	13	13
Withholding tax	(6)	(10)	(5)
Withholding tax related to prior periods	(7)	—	—
Deemed mandatory repatriation	—	(5)	—
Tax rate modifications	15	339	—
Write-off of previously recognized deferred tax assets	—	(228)	—
Recognition of deferred tax asset for previously unrecognized tax losses	—	24	—
Change in unrecognized tax losses and temporary differences	5	(21)	(15)
Tax on unremitted earnings	(2)	9	(1)
Tax uncertainties	12	(4)	1
Over (under) provided in prior periods	5	(4)	2
Other	4	5	(2)
<b>Total income tax (expense) benefit</b>	<b>(40)</b>	<b>(81)</b>	<b>(105)</b>

**9.2 Changes in U.S. federal tax legislation and provisionally determined amounts**

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Act"). In general, the Act (i) reduces the U.S. federal tax rate from a maximum of 35% to a flat rate of 21%, effective January 1, 2018; (ii) introduces amendments restricting the Group's ability to utilize the benefit of previously disallowed interest expense; (iii) imposes a deemed mandatory repatriation tax on certain deferred foreign earnings of the Group



while introducing a participation exemption tax system; and (iv) on a prospective basis, starting with the year ending December 31, 2018, changes the computation of the Group's U.S. federal income tax, including the introduction of new components of income tax which may apply to the Group.

As of December 31, 2017, the Group has recognized provisional tax impacts based on reasonable estimates. These reasonable estimates are incorporated in the (i) remeasurement of deferred taxes from a tax rate of 35% to 21%; (ii) evaluation of whether the existing deferred tax asset associated with carried forward interest deductions continues to exist after December 31, 2017; and (iii) quantification of the transition tax associated with the introduction of the participation exemption tax system.

As detailed in note 9.1, the reduction in the U.S. federal tax rate from 35% to 21% has resulted in a tax benefit of \$339 million that is recognized in the income statement for the year ended December 31, 2017. The reduction in the U.S. federal tax rate from 35% to 21% has also resulted in a tax benefit of \$42 million for the year ended December 31, 2017 that has been recognized directly in equity.

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As of December 31, 2016, the Group had recognized a deferred tax asset of \$562 million in respect of the expected future benefit from carried forward interest deductions. The Group has provisionally determined that it is more likely than not that the benefit will continue to be available under the Act. However, as the Act introduces new restrictions on the ability to claim interest deductions, the Group has provisionally determined that the future benefit that is probable of recovery is significantly less than the previously recognized deferred tax asset. This has resulted in a provisionally determined tax expense of \$228 million for the year ended December 31, 2017, which reflects the Group's current interpretations as to how future adjusted taxable income will be computed, and the overall estimated impact of the Act on projections of taxable income.

As detailed in note 9.1, the Group has recognized tax expense of \$5 million for the estimated liability arising from the deemed mandatory repatriation of earnings associated with the introduction of a participation exemption tax system. This estimated amount includes provisional interpretations as to how foreign earnings and profits should be measured on an interim basis.

During the year ended December 31, 2018, the Group finalized these provisionally determined amounts. There were no significant changes to any previously determined provisional amounts.

### 9.3 Current tax assets and liabilities

Current tax assets of \$14 million as of December 31, 2018 (2017: \$14 million) represent the amount of income taxes recoverable with respect to current and prior years and arise from the payment of tax in excess of the amounts due to the relevant tax authorities. Current tax liabilities of \$27 million as of December 31, 2018 (2017: \$44 million) represent the amount of income taxes payable with respect to current and prior years.

### 9.4 Movement in recognized deferred tax assets and liabilities

(In \$ million)	Derivatives	Property, plant and equipment	Intangible assets	Employee benefits	Tax loss carry-forwards	Interest	Other items	Net deferred tax assets (liabilities)
Balance as of January 1, 2017	(99)	(556)	(1,711)	492	97	562	141	(1,074)
Recognized in profit or loss	26	197	612	(214)	(12)	(450)	(41)	118
Recognized in equity	—	—	—	(20)	—	—	(5)	(25)
Other	—	(1)	(3)	—	—	—	3	(1)
<b>Balance as of December 31, 2017</b>	<b>(73)</b>	<b>(360)</b>	<b>(1,102)</b>	<b>258</b>	<b>85</b>	<b>112</b>	<b>98</b>	<b>(982)</b>
Recognized in profit or loss	73	(15)	48	20	(18)	9	(27)	90
Recognized in equity	—	—	—	(10)	—	—	3	(7)
Other	—	(1)	2	1	(2)	—	5	5
<b>Balance as of December 31, 2018</b>	<b>—</b>	<b>(376)</b>	<b>(1,052)</b>	<b>269</b>	<b>65</b>	<b>121</b>	<b>79</b>	<b>(894)</b>

(In \$ million)	As of December 31,	
	2018	2017
Included in the statement of financial position as:		
Deferred tax assets - non-current	28	32
Deferred tax liabilities - non-current	(922)	(1,014)
<b>Total recognized net deferred tax liabilities</b>	<b>(894)</b>	<b>(982)</b>

### 9.5 Unrecognized deferred tax liabilities

To the extent that dividends are expected to be remitted from overseas subsidiaries, joint ventures and associates, and would result in additional income taxes payable, appropriate amounts have been provided for in the statements of financial position. No deferred tax liabilities have been provided for unremitted earnings of the Group's overseas subsidiaries when these amounts are considered permanently reinvested in the businesses of these subsidiaries. As of December 31, 2018, the unrecognized deferred tax liabilities associated with unremitted earnings totaled approximately \$63 million.

### 9.6 Unrecognized deferred taxes

(In \$ million)	As of December 31,	
	2018	2017
Deductible (taxable) temporary differences	284	239
Tax losses	294	344
<b>Total unrecognized deferred tax assets</b>	<b>578</b>	<b>583</b>

The tax losses of the Group expire over different time intervals depending on local jurisdiction requirements. Certain deductible temporary differences do not expire under current tax legislation in the jurisdiction where the differences arose. Deferred tax assets have not been recognized with respect to these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefit.

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**10. Trade and other receivables, net**

(In \$ million)	As of December 31,	
	2018	2017
Trade receivables	1,046	1,067
Provision for impairment	(6)	(8)
<b>Total trade receivables, net of provision for impairment</b>	<b>1,040</b>	<b>1,059</b>
Related party receivables (refer to note 20)	13	8
Other receivables	68	69
<b>Total current trade and other receivables, net</b>	<b>1,121</b>	<b>1,136</b>
Related party receivables (refer to note 20)	328	329
Other receivables	20	23
<b>Total non-current receivables</b>	<b>348</b>	<b>352</b>

**10.1 Aging of trade receivables, net of provision for impairment**

(In \$ million)	As of December 31,	
	2018	2017
Current	962	954
Past due 1 to 30 days	59	73
Past due 31 to 60 days	9	13
Past due 61 to 90 days	4	8
Past due more than 90 days	6	11
<b>Balance at the end of the year</b>	<b>1,040</b>	<b>1,059</b>

**11. Inventories**

(In \$ million)	As of December 31,	
	2018	2017
Raw materials and consumables	463	424
Work in progress	133	145
Finished goods	720	717
Engineering and maintenance materials	123	99
Provision against inventories	(28)	(15)
<b>Total inventories</b>	<b>1,411</b>	<b>1,370</b>

During the year ended December 31, 2018, the raw materials elements of inventories recognized in continuing operations in the statements of comprehensive income as a component of cost of sales totaled approximately \$4.7 billion (2017: \$4.6 billion; 2016: \$4.6 billion).

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**12. Property, plant and equipment**

(In \$ million)	Land	Buildings and improvements	Plant and equipment	Capital work in progress	Finance leased assets	Total
<b>As of December 31, 2018</b>						
Cost	163	932	5,190	416	29	6,730
Accumulated depreciation	—	(474)	(3,158)	—	(14)	(3,646)
Accumulated impairment losses	—	(2)	(61)	—	—	(63)
<b>Carrying amount as of December 31, 2018</b>	<b>163</b>	<b>456</b>	<b>1,971</b>	<b>416</b>	<b>15</b>	<b>3,021</b>
<b>As of December 31, 2017</b>						
Cost	170	903	4,931	300	28	6,332
Accumulated depreciation	—	(431)	(2,916)	—	(12)	(3,359)
Accumulated impairment losses	—	—	(50)	—	—	(50)
<b>Carrying amount as of December 31, 2017</b>	<b>170</b>	<b>472</b>	<b>1,965</b>	<b>300</b>	<b>16</b>	<b>2,923</b>
Carrying amount as of January 1, 2018	170	472	1,965	300	16	2,923
Additions	—	—	—	564	1	565
Capitalization of borrowing costs	—	—	—	7	—	7
Disposals	—	—	(3)	—	—	(3)
Depreciation for the year	—	(50)	(370)	—	(2)	(422)
Impairment losses, net of reversals	—	(3)	(28)	—	—	(31)
Other transfers	(6)	39	417	(454)	—	(4)
Effect of movements in exchange rates	(1)	(2)	(10)	(1)	—	(14)
<b>Carrying amount as of December 31, 2018</b>	<b>163</b>	<b>456</b>	<b>1,971</b>	<b>416</b>	<b>15</b>	<b>3,021</b>
Carrying amount as of January 1, 2017	168	498	2,100	226	18	3,010
Additions	—	2	—	390	—	392
Capitalization of borrowing costs	—	—	—	3	—	3
Disposals	—	—	(10)	—	—	(10)
Depreciation for the year	—	(50)	(367)	—	(2)	(419)
Impairment losses, net of reversals	—	—	(9)	(1)	—	(10)
Other transfers	(1)	18	235	(320)	—	(68)
Effect of movements in exchange rates	3	4	16	2	—	25
<b>Carrying amount as of December 31, 2017</b>	<b>170</b>	<b>472</b>	<b>1,965</b>	<b>300</b>	<b>16</b>	<b>2,923</b>

Depreciation expense related to property, plant and equipment is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	412	411	436
General and administration expenses	10	8	9
<b>Total depreciation expense</b>	<b>422</b>	<b>419</b>	<b>445</b>

During the year ended December 31, 2018, the Group incurred \$31 million of impairment losses, net of reversals (2017: \$10 million; 2016: \$44 million). The recognition and reversal of impairment charges is included in net other income (expenses) in the statements of comprehensive income as a component of profit or loss.

Refer to note 15 for details of security granted over property, plant and equipment and other assets.



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**13. Intangible assets**

(In \$ million)	Goodwill	Trademarks	Customer relationships	Technology & software	Other	Total
<b>As of December 31, 2018</b>						
Cost	5,456	1,764	3,299	891	103	11,513
Accumulated amortization	—	(87)	(1,344)	(622)	(27)	(2,080)
Accumulated impairment losses	(206)	—	—	—	(5)	(211)
<b>Carrying amount as of December 31, 2018</b>	<b>5,250</b>	<b>1,677</b>	<b>1,955</b>	<b>269</b>	<b>71</b>	<b>9,222</b>
<b>As of December 31, 2017</b>						
Cost	5,465	1,763	3,321	883	102	11,534
Accumulated amortization	—	(83)	(1,189)	(573)	(24)	(1,869)
Accumulated impairment losses	—	—	—	—	(6)	(6)
<b>Carrying amount as of December 31, 2017</b>	<b>5,465</b>	<b>1,680</b>	<b>2,132</b>	<b>310</b>	<b>72</b>	<b>9,659</b>
Carrying amount as of January 1, 2018	5,465	1,680	2,132	310	72	9,659
Additions	—	—	—	20	2	22
Disposals	(3)	—	(3)	—	—	(6)
Amortization for the year	—	(3)	(166)	(61)	(3)	(233)
Impairment losses	(206)	—	—	—	—	(206)
Effect of movements in exchange rates	(6)	—	(8)	—	—	(14)
<b>Carrying amount as of December 31, 2018</b>	<b>5,250</b>	<b>1,677</b>	<b>1,955</b>	<b>269</b>	<b>71</b>	<b>9,222</b>
Carrying amount as of January 1, 2017	5,431	1,684	2,322	385	80	9,902
Additions	—	—	—	10	2	12
Disposals	(1)	—	—	(4)	—	(5)
Amortization for the year	—	(4)	(168)	(80)	(3)	(255)
Impairment losses	—	—	—	—	(5)	(5)
Transfers to assets held for sale	19	—	(42)	—	(2)	(25)
Other transfers	—	—	—	(1)	—	(1)
Effect of movements in exchange rates	16	—	20	—	—	36
<b>Carrying amount as of December 31, 2017</b>	<b>5,465</b>	<b>1,680</b>	<b>2,132</b>	<b>310</b>	<b>72</b>	<b>9,659</b>

During the year ended December 31, 2018, goodwill disposals were related to certain Graham Packaging businesses. During the year ended December 31, 2017, goodwill disposals were related to certain Graham Packaging and Closures businesses.

Amortization expense related to intangible assets is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	42	42	41
General and administration expenses	191	213	221
<b>Total amortization expense</b>	<b>233</b>	<b>255</b>	<b>262</b>

Refer to note 15 for details of security granted over the Group's intangible assets.

**13.1 Impairment testing for indefinite life intangible assets**

Goodwill, certain trademarks and certain other intangible assets are the only intangibles with indefinite useful lives and therefore are not subject to amortization. Instead, they are tested for impairment at least annually (as of December 31) as well as whenever there is an indication that they may

be impaired. Goodwill is tested at the segment level, which is the lowest level within the Group at which goodwill is monitored for internal management purposes. Indefinite life intangible assets are tested at a CGU or group of CGUs that supports the indefinite life intangible assets.

The aggregate carrying amounts of goodwill and indefinite life intangible assets allocated to each segment for purposes of impairment testing are as follows:

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(In \$ million)	As of December 31,					
	2018			2017		
	Goodwill	Trademarks	Other	Goodwill	Trademarks	Other
Reynolds Consumer Products	1,913	850	—	1,913	850	—
Pactiv Foodservice	1,696	526	59	1,697	526	59
Graham Packaging	1,200	251	—	1,412	251	—
Evergreen	67	34	—	67	34	—
Closures	374	—	—	376	—	—
<b>Total</b>	<b>5,250</b>	<b>1,661</b>	<b>59</b>	<b>5,465</b>	<b>1,661</b>	<b>59</b>

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose.

For goodwill and certain indefinite lived trademarks the estimated fair value has been determined at the segment level using the 2018 Adjusted EBITDA or forecasted 2019 Adjusted EBITDA expected to be generated multiplied by an earnings multiple. The key assumptions in developing the forecasted Adjusted EBITDA include management's assessment of future trends in the segment's industry and are based on both external and internal sources. The forecasted 2019 Adjusted EBITDA has been prepared using certain key assumptions including selling prices, sales volumes and costs of raw materials. Earnings multiples reflect recent sale and purchase transactions and comparable company EBITDA trading multiples in the same industry. The earnings multiples applied for December 31, 2018 ranged between 7.5x and 10x. Costs to dispose were estimated to be 1% to 1.5% of the fair value of each segment depending on the magnitude of the fair value.

Based on the results of testing, with the exception of Graham Packaging, the recoverable amounts for goodwill and indefinite life intangible assets exceeded the carrying values and no impairment was recognized.

In performing the annual impairment test for goodwill as of December 31, 2018 and in conjunction with the Group's 2019 budgeting process, the Group determined that a goodwill impairment charge of \$206 million arose in respect of Graham Packaging. The recognition of this expense was triggered by the lower than expected performance of Graham Packaging during the year ended December 31, 2018, particularly during the three months ended December 31, 2018, and lower near term earnings expectations. The estimated recoverable amount has been determined using a fair value less costs of disposal methodology. This estimate of fair value represents a Level 3 hierarchy, which includes inputs that are not based on observable market data. The impairment charge has been recognized in net other income (expenses) in the statement of comprehensive income. As a result of the impairment, the carrying value of Graham Packaging is the same as its recoverable amount (\$2.9 billion). A reasonably possible unexpected deterioration in financial performance or adverse change in capitalization multiple may result in a further impairment.

For all of the Group's segments, there can be no assurances that sustained declines in macroeconomic or business conditions affecting the industries in which the Group operates and its businesses will not occur, and were they to occur, that future declines will not result in additional impairments in future periods.

The estimated fair value less cost to dispose of the Reynolds® and Hefty® trademarks is first evaluated at the trademark level using the relief from royalty method. The royalty rates were based on observed royalty rates in the market, arm's-length royalty agreements, profit split analysis and previous transactions. The royalty rates applied ranged between 1% and 7%. The growth rates used to estimate future revenues were based on past performance, external market growth assumptions and the Group's experience of growth rates achievable in the Group's key markets. The revenue growth rates applied ranged up to 6%. The discount rate of 8.3% was based on market factors and costs to dispose were estimated to be 1.5% of the fair value of each asset.

#### 14. Trade and other payables

(In \$ million)	As of December 31,	
	2018	2017
Trade payables	701	646
Accrued interest	125	132
Related party payables (refer to note 20)	33	33
Other payables and accrued expenses	304	305
<b>Total current trade and other payables</b>	<b>1,163</b>	<b>1,116</b>
<b>Non-current payables</b>	<b>45</b>	<b>45</b>

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**15. Borrowings**

As of December 31, 2018, the Group was in compliance with all of its covenants.

The Group's borrowings are detailed below:

(In \$ million)	As of December 31,	
	2018	2017
Securitization Facility	420	420
Credit Agreement	3,528	3,576
Reynolds Notes:		
Reynolds Senior Secured Notes:		
5.750% Senior Secured Notes due 2020	3,137	3,137
6.875% Senior Secured Notes due 2021	345	645
Floating Rate Senior Secured Notes due 2021	750	750
5.125% Senior Secured Notes due 2023	1,600	1,600
Reynolds Senior Notes:		
7.000% Senior Notes due 2024	800	800
Pactiv Notes:		
6.400% Notes due 2018	—	16
7.950% Debentures due 2025	276	276
8.375% Debentures due 2027	200	200
Other borrowings	20	20
<b>Total principal amount of borrowings</b>	<b>11,076</b>	<b>11,440</b>
Transaction costs	(59)	(77)
Embedded derivatives	23	32
Original issue discounts, net of premiums	(5)	(6)
<b>Carrying value</b>	<b>11,035</b>	<b>11,389</b>
Current borrowings	455	470
Non-current borrowings	10,580	10,919
<b>Total borrowings</b>	<b>11,035</b>	<b>11,389</b>

**15.1 Securitization Facility**

On March 22, 2017, the Group entered into a new \$600 million securitization facility (the "Securitization Facility"), of which \$452 million was drawn on the closing date. The proceeds and cash were used to repay and extinguish all amounts outstanding under the previous securitization facility and pay transaction fees and expenses. The Securitization Facility matures on March 22, 2022. The amount that can be borrowed is calculated by reference to a funding base determined by the amount of eligible trade receivables. The Securitization Facility is secured by all of the assets of the borrower, which are primarily the eligible trade receivables and cash. The terms of the arrangement do not result in the derecognition of the trade receivables by the Group. The Securitization Facility has an interest rate equal to one-month LIBOR with a 0% floor, plus a margin of 1.75% per annum. As of December 31, 2018, \$420 million was drawn under the Securitization Facility.

**15.2 Credit Agreement**

The Company and certain members of the Group are parties to a senior secured credit agreement dated August 5, 2016 as amended (the "Credit Agreement"). The Credit Agreement comprises the following term and revolving tranches:

	Currency	Maturity date	Facility value (in million)	Value drawn or utilized as of December 31, 2018 (in million)	Applicable interest rate as of December 31, 2018
<b>Term Tranches</b>					

U.S. Term Loans	\$	February 5, 2023	3,315	3,248	LIBOR (floor of 0.000%) + 2.750%
European Term Loans	€	February 5, 2023	249	244	EURIBOR (floor of 0.000%) + 3.250%
<b>Revolving Tranche<sup>(1)</sup></b>					
U.S. Revolving Loans	\$	August 5, 2021	302	58	—

(1) The Revolving Tranche was utilized in the form of bank guarantees and letters of credit.

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On February 7, 2017, the Group entered into an incremental assumption agreement and incurred \$3,315 million and €249 million of term loans thereunder. The proceeds of these incremental term loans were used to repay in full the outstanding U.S. and European term loans under the Credit Agreement. This resulted in a 0.25% per annum reduction in the margin applicable to the outstanding U.S. and European term loans to 3.000% per annum and 3.500% per annum, respectively, in each case with a step down based on achieving certain ratings, and a reduction in the LIBOR floor of the U.S. term loans by 100 basis points to 0.000% per annum.

Refer to note 8 for the loss recognized on the extinguishment of borrowings as a result of the write-off of unamortized debt issuance costs.

On September 29, 2017, the interest rate margin applicable to the outstanding U.S. and European term loans was reduced by 0.25% per annum to 2.750% per annum and 3.250% per annum, respectively, due to certain upgrades in RGHL's credit rating.

The Company and certain members of the Group have guaranteed on a senior basis the obligations under the Credit Agreement and related documents to the extent permitted by law. The guarantors have granted security over substantially all of their assets to support the obligations under the Credit Agreement. This security is expected to be shared on a first priority basis with the note holders under the Reynolds Senior Secured Notes.

Indebtedness under the Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments of 0.25% of the principal amount of term loans outstanding on February 7, 2017. The borrowers are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were due in 2018 or are due in 2019 for the year ended December 31, 2018.

The Credit Agreement contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the Credit Agreement. In addition, total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 25% or less of the adjusted consolidated total assets of the Group as of the last day of the most recently ended fiscal quarter of the Company for which financial statements are available, and the aggregate of the EBITDA of the non-guarantor companies is required to be 25% or less of the consolidated EBITDA of the Group for the period of four consecutive fiscal quarters of the Company for which financial statements are available, in each case calculated in accordance with the Credit Agreement (the "Guarantor Coverage Test") which may differ from the measure of Adjusted EBITDA as disclosed in note 5. If the Group is unable to meet the Guarantor Coverage Test, the Group will be required to add additional subsidiary guarantors as necessary to satisfy such requirements.

The Credit Agreement also contains a total secured leverage ratio covenant not to exceed 5.00 to 1.00 on a pro forma basis. This covenant applies if the aggregate revolving credit exposure (excluding any exposure in respect of undrawn letters of credit) as of the last day of a fiscal quarter exceeds 35% of the total commitments under the revolving credit facility on such day.

### 15.3 Reynolds Notes

The Group's borrowings as of December 31, 2018 issued by Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (New Zealand) Limited (together, the "Reynolds Notes Issuers") are summarized below:

	<b>Maturity date</b>	<b>Interest payment dates</b>
5.750% Senior Secured Notes due 2020	October 15, 2020	April 15 and October 15
6.875% Senior Secured Notes due 2021	February 15, 2021	February 15 and August 15
Floating Rate Senior Secured Notes due 2021 <sup>(1)</sup>	July 15, 2021	January 15, April 15, July 15 and October 15
5.125% Senior Secured Notes due 2023 <sup>(2)</sup>	July 15, 2023	January 15 and July 15; commencing January 15, 2017
7.000% Senior Notes due 2024	July 15, 2024	January 15 and July 15; commencing January 15, 2017

(1) The Floating Rate Senior Secured Notes due 2021 were issued at an issue price of 99.000% and have an interest rate equal to the three-month Dollar LIBOR plus 3.500% reset quarterly. In July 2016, the Group entered into an interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While the Group has elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is 4.670% from October 15, 2016.

(2) \$250 million aggregate principal amount of 5.125% Senior Secured Notes due 2023 were issued at an issue price of 103.500%.

On February 15, 2018, the Group repaid \$300 million aggregate principal amount of the outstanding 6.875% Senior Secured Notes due 2021 at a redemption price of 101.146% plus accrued and unpaid interest.

On February 15, 2017, the Group redeemed all of the \$345 million aggregate principal amount outstanding of 8.250% Senior Notes due 2021 at a redemption price of 102.750% plus accrued and unpaid interest.

On December 15, 2017, the Group repaid \$100 million aggregate principal amount of 5.750% Senior Secured Notes due 2020 at a redemption price of 101.438%, plus accrued and unpaid interest.

Refer to note 8 for the loss recognized on the reduction in borrowings as a result of premiums incurred and the write-off of unamortized debt issuance costs.



# Reynolds Group Holdings Limited

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#### **Assets pledged as security for borrowings**

The shares in Beverage Packaging Holdings I Limited ("BP I") (a wholly owned subsidiary of the Company) have been pledged as collateral to support the obligations under the Credit Agreement and the Reynolds Senior Secured Notes. In addition, the Company, BP I and certain subsidiaries of BP I have pledged substantially all of their assets as collateral to support the obligations under the Credit Agreement and the Reynolds Senior Secured Notes.

#### **Guarantee and security arrangements**

All of the guarantors of the Credit Agreement have guaranteed the obligations under the Reynolds Notes to the extent permitted by law.

The guarantors have granted security over substantially all of their assets to support the obligations under the Reynolds Senior Secured Notes. This security is expected to be shared on a first priority basis with the creditors under the Credit Agreement.

#### **Reynolds Notes indentures restrictions**

The respective indentures governing the Reynolds Notes all contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the respective indentures governing the Reynolds Notes.

#### **Early redemption option and change in control provisions**

Under the respective indentures governing the Reynolds Notes, the Reynolds Notes Issuers, at their option, can elect to redeem the Reynolds Notes under terms and conditions specified in the respective indentures. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized embedded derivatives in relation to the redemption provisions of the indentures governing the respective Reynolds Notes.

Under the respective indentures governing the Reynolds Notes, in certain circumstances which would constitute a change in control, the holders of the Reynolds Notes have the right to require the Reynolds Notes Issuers to repurchase the Reynolds Notes at a premium.

#### **15.4 Pactiv Notes**

As of December 31, 2018, the Group had outstanding the following debentures (together, the "Pactiv Notes") issued by Pactiv LLC:

	<b>Maturity date</b>	<b>Semi-annual interest payment dates</b>
7.950% Debentures due 2025	December 15, 2025	June 15 and December 15
8.375% Debentures due 2027	April 15, 2027	April 15 and October 15

On January 15, 2018, the Group repaid upon maturity all of the \$16 million aggregate principal amount outstanding of the 6.400% Notes due 2018 plus accrued and unpaid interest.

On June 15, 2017, the Group repaid upon maturity all of the \$300 million aggregate principal amount outstanding of 8.125% Debentures due 2017.

The Pactiv Notes are not guaranteed by any member of the Group and are unsecured.

The indentures governing the Pactiv Notes contain a negative pledge clause limiting the ability of certain entities within the Group, subject to certain exceptions, to (i) incur or guarantee debt that is secured by liens on "principal manufacturing properties" (as such term is defined in the indentures governing the Pactiv Notes) or on the capital stock or debt of certain subsidiaries that own or lease any such principal manufacturing property and (ii) sell and then take an immediate lease back of such principal manufacturing property.

The 8.375% Debentures due 2027 may be redeemed at any time at the Group's option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium, if any, plus accrued and unpaid interest to the date of the redemption.

#### **15.5 Other borrowings**

As of December 31, 2018, in addition to the Securitization Facility, the Credit Agreement, the Reynolds Notes and the Pactiv Notes, the Group had a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities bear interest at floating or fixed rates.

As of December 31, 2018, the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the Credit Agreement and the Reynolds Senior Secured Notes and by certain other assets. These facilities rank *pari passu* with the obligations under the Credit Agreement and under the Reynolds Senior Secured Notes.

Other borrowings as of December 31, 2018 included finance lease obligations of \$19 million (2017: \$20 million).

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**15.6 Reconciliation of liabilities arising from financing activities**

<b>(In \$ million)</b>	<b>Principal borrowings</b>	<b>Transaction costs</b>	<b>Total</b>
Carrying amount as of January 1, 2018	11,440	(51)	<b>11,389</b>
Cash flows	(352)	—	<b>(352)</b>
Capitalization of borrowing costs	—	—	<b>—</b>
Effects of movements in exchange rates	(12)	—	<b>(12)</b>
Other	—	10	<b>10</b>
<b>Carrying amount as of December 31, 2018</b>	<b>11,076</b>	<b>(41)</b>	<b>11,035</b>
Carrying amount as of January 1, 2017	12,179	(108)	<b>12,071</b>
Cash flows	(773)	—	<b>(773)</b>
Capitalization of borrowing costs	—	(10)	<b>(10)</b>
Effects of movements in exchange rates	34	—	<b>34</b>
Other	—	67	<b>67</b>
<b>Carrying amount as of December 31, 2017</b>	<b>11,440</b>	<b>(51)</b>	<b>11,389</b>

**16. Employee benefits**

**16.1 Summary of employee benefits liabilities**

<b>(In \$ million)</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2017</b>
Salaries and wages accrued	122	149
Provision for annual leave	33	40
Provision for other employee benefits	52	53
Provision for exit from multi-employer pension plans	64	70
Defined benefit obligations:		
Pension benefits	854	840
Post-employment medical benefits	94	106
<b>Total employee benefits liabilities</b>	<b>1,219</b>	<b>1,258</b>
Current	178	213
Non-current	1,041	1,045
<b>Total employee benefits liabilities</b>	<b>1,219</b>	<b>1,258</b>

**16.2 Pension benefits**

The Group makes contributions to defined benefit pension plans which define the level of pension benefit an employee will receive on retirement. The Group operates defined benefit pension plans in countries including Canada, Germany, Japan, Taiwan, Mexico and the United States. The majority of the Group's net pension plan liabilities are in the United States and subject to governmental regulations relating to the funding of retirement plans. The Group generally funds its retirement plans equal to the annual minimum funding requirements specified by government regulations covering each plan. Deterioration in the value of plan assets, including equity and debt securities, resulting from a general financial downturn or otherwise, or a change in the interest rate used to discount the projected benefit obligations, could cause an increase in the underfunded status of the Group's defined benefit pension plans, thereby increasing the Group's obligation to make contributions to the plans, which in turn would reduce the cash available for the Group's business. The Group has generally provided aggregated disclosures in respect of these plans on the basis that these plans are not exposed to materially different risks.

The Group's largest pension plan is the Pactiv Retirement Plan, of which Pactiv became the sponsor at the time of the Pactiv spin-off from Tenneco Inc. in 1999. The plan was assumed as part of the Pactiv acquisition in 2010. This plan covers certain of Pactiv Foodservice's employees as well as employees (or their beneficiaries) of certain companies previously owned by Tenneco Inc. but not currently owned by the Group. As a result, while persons who are not current Pactiv Foodservice employees do not accrue benefits under the plan, the total number of individuals/beneficiaries covered by this plan is much larger than if only Pactiv Foodservice personnel were participants. The Pactiv Retirement Plan comprises 97% (2017: 96%) of the Group's present value of pension plan obligations. For this reason, the impact of this pension plan on the Group's net income and cash from operations is greater than the impact typically found at similarly sized companies. Changes in the following factors can have a disproportionate effect on the Group's results of operations and

statement of financial position compared with similarly sized companies: (i) interest rate used to discount projected benefit obligations and to calculate the net interest on the net defined benefit liability (asset), (ii) governmental regulations relating to funding of retirement plans in the United States, (iii) financial market performance and (iv) revisions to mortality tables as a result of changes in life expectancy. Therefore, certain information applicable to the Pactiv Retirement Plan has been separately disclosed. As of December 31, 2018, the Pactiv Retirement Plan was underfunded by \$795 million.



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On November 8, 2016, the Group entered into an agreement with the U.S. Pension Benefit Guaranty Corporation (the "PBGC") whereby the PBGC agreed not to assert a termination liability against the Group in relation to three defined benefit pension plans of UCI Holdings Limited (the "UCI Pension Plans") in return for Pactiv LLC, a member of the Group, becoming the sponsor of the UCI Pension Plans. UCI Holdings Limited was a former member of the Group's "controlled group," as defined by the PBGC. This agreement became effective on December 30, 2016, resulting in the recognition of a net liability of \$65 million, comprising plan assets of \$213 million and actuarially determined plan liabilities of \$278 million. On December 1, 2017, the UCI Pension Plans were merged into the Pactiv Retirement Plan.

Future contributions to the Group's pension plans, including the Pactiv Retirement Plan, could reduce the cash otherwise available to operate the Group's business and could have an adverse effect on the Group's results of operations. The Group expects to make no contributions to the Pactiv Retirement Plan in 2019. Expected contributions during the year ending December 31, 2019 for all other defined benefit plans are estimated to be up to \$6 million. Future contributions will be dependent on future plan asset returns and interest rates and are highly sensitive to changes.

The various defined benefit plans are governed in accordance with the relevant local legislation. Typically each plan has a separate governance committee which is responsible for managing the plan. In certain jurisdictions membership of the governance committee includes plan representatives. The Group has sole responsibility for the administration of the Pactiv Retirement Plan.

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**Movement in defined benefit pension obligations**

(In \$ million)	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2018	2017	2018	2017	2018	2017
Balance as of January 1	4,830	5,076	(3,990)	(4,091)	840	985
Included in profit or loss:						
Current service cost	9	9	—	—	9	9
Interest cost (income)	168	198	(139)	(160)	29	38
Administrative expenses	—	—	33	35	33	35
Settlement (gain)	—	(7)	—	—	—	(7)
<b>Total expense (income) recognized in profit or loss</b>	<b>177</b>	<b>200</b>	<b>(106)</b>	<b>(125)</b>	<b>71</b>	<b>75</b>
Remeasurement (gains) losses:						
Actuarial (gains) losses arising from:						
Demographic assumptions	(1)	(10)	—	—	(1)	(10)
Financial assumptions	(302)	265	—	—	(302)	265
Return on plan assets, excluding interest income	—	—	283	(429)	283	(429)
<b>Total remeasurement (gains) losses</b>	<b>(303)</b>	<b>255</b>	<b>283</b>	<b>(429)</b>	<b>(20)</b>	<b>(174)</b>
Other movements:						
Contributions by the Group	—	—	(25)	(33)	(25)	(33)
Benefits paid by the plans	(299)	(691)	299	691	—	—
Business disposals	(42)	(15)	29	—	(13)	(15)
Effect of movements in exchange rates	—	5	1	(3)	1	2
<b>Total other movements</b>	<b>(341)</b>	<b>(701)</b>	<b>304</b>	<b>655</b>	<b>(37)</b>	<b>(46)</b>
<b>Balance as of December 31</b>	<b>4,363</b>	<b>4,830</b>	<b>(3,509)</b>	<b>(3,990)</b>	<b>854</b>	<b>840</b>

Comprised of:

Pactiv Retirement Plan	4,234	4,646	(3,439)	(3,882)	795	764
Other plans	129	184	(70)	(108)	59	76
<b>Balance as of December 31</b>	<b>4,363</b>	<b>4,830</b>	<b>(3,509)</b>	<b>(3,990)</b>	<b>854</b>	<b>840</b>

Comprised of:

Funded plans	814	796
Unfunded plans	40	44
<b>Total net pension benefits liability</b>	<b>854</b>	<b>840</b>

Included in the statements of financial position as:

Employee benefits liabilities	854	840
<b>Total net pension benefits liability</b>	<b>854</b>	<b>840</b>

The Group's pension plans had a weighted average duration of 10 years (2017: 10 years).

For the year ended December 31, 2016, the Group recognized remeasurement gains of \$113 million directly in other comprehensive income. The gains were comprised of \$91 million of gains from changes in demographic assumptions, \$138 million of losses from changes in financial assumptions and \$160 million from gains on plan assets, excluding interest.



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**Expense recognized in the statements of comprehensive income**

The expense is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	13	14	14
General and administration expenses	58	61	127
<b>Total plan net expense</b>	<b>71</b>	<b>75</b>	<b>141</b>

The Group presents pension (income) expense in personnel costs, which are reported in cost of sales and general and administration expenses.

The plan net expense for the year ended December 31, 2016 was comprised of current service cost of \$10 million, administrative expense of \$32 million, interest expense of \$206 million and expense of \$65 million related to the assumption of the UCI Plans, partially offset by interest income of \$165 million and \$7 million of settlement gains.

During the year ended December 31, 2018, the plan net expense of the Pactiv Retirement Plan was \$62 million (2017: \$72 million; 2016: \$63 million).

In September 2017, the Group recorded a \$5 million pension settlement charge in general and administration expenses in connection with the purchase of a group annuity contract from an insurance company to settle \$308 million of the outstanding pension benefit obligations under the Pactiv Retirement Plan. The insurance company assumed the obligation to pay future pension benefits and provide administrative services for approximately 13,600 retirees and surviving beneficiaries who are currently receiving payments from this plan. The purchase was funded directly by plan assets.

In October and November 2017, the UCI Pension Plans settled retirement benefits with certain vested members through a voluntary lump-sum buyout of their benefits, resulting in the payment of \$60 million to those who elected to receive the buyout and a settlement gain of \$12 million which is included in the pension plan expense for 2017.

During the year ended December 31, 2016, the Pactiv Retirement Plan settled retirement benefits with certain vested members through a voluntary lump-sum buyout of their benefits, resulting in the payment of \$43 million from plan assets to those who elected to receive the buyout and a settlement gain of \$7 million which is included in the plan expense for 2016.

**Plan assets**

Plan assets consist of the following:

(In \$ million)	As of December 31,	
	2018	2017
Equity instruments	2,149	2,802
Debt instruments	658	616
Property	429	403
Other	273	169
<b>Total plan assets</b>	<b>3,509</b>	<b>3,990</b>

Approximately 98% of total plan assets are held by the Pactiv Retirement Plan. This plan's total assets include the following exposures: (i) \$2,108 million of exposure to equity markets, which includes exposure to \$1,989 million of U.S. equities held through a combination of listed equities and equity index funds, and exposure to approximately \$119 million of non-U.S. equities held through listed equities and unlisted index funds; (ii) \$641 million of exposure to debt instruments, which include investments in corporate bonds and high yield bonds both directly and through exchange traded funds; and (iii) \$422 million of exposure to property held through unlisted commingled funds. Other plan assets consist principally of cash and cash equivalents.

In addition to the above plan assets, the Group is required to hold assets as collateral against certain unfunded defined benefit obligations assumed as part of the Pactiv acquisition. As of December 31, 2018 and 2017, \$26 million and \$27 million in cash, respectively, included in other non-current assets in the statements of financial position, was held as collateral against these obligations.

**Actuarial assumptions — all plans**

	For the year ended December 31,		
	2018	2017	2016
Discount rates at December 31	0.5% - 9.6%	0.6% - 8.0%	0.6% - 8.0%
Future salary increases	0.0% - 6.2%	0.0% - 7.0%	0.0% - 7.0%

Future pension increases	0.0% - 1.8%	0.0% - 3.7%	0.0% - 3.7%
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The discount rate for the Pactiv Retirement Plan for the years ended December 31, 2018 and 2017 was 4.3% and 3.6%, respectively. Retirement benefits under the Pactiv Retirement Plan are frozen. Therefore, future salary increases and future pension increase assumptions have no effect on the retirement benefit obligation of that plan. The principal mortality rates assumed are the published mortality rates within the RP 2014 aggregate table with projection scale MP-2018 for 2018 and projection scale MP-2017 for 2017.

**Sensitivity analysis**

The assumed discount rate is an assumption that changes annually, and has an effect on the amounts of the defined benefit obligation. A one-half percentage point change in assumed discount rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	(6)	5
Increase (decrease) in the defined benefit obligation	(205)	224

The mortality tables used for the mortality assumption included projections of improved life expectancy. These tables are only changed infrequently; however, when they change they can have a significant impact on the plan liability. Estimates of the impact of mortality table changes are complex and difficult to measure. The Group does not expect changes to the mortality tables similar to those adopted in 2014 to occur in the next several years.

**16.3 Post-employment medical benefits**

The Group operates unfunded post-employment medical benefit plans mainly in the United States. The liability for the post-employment medical benefits has been assessed using the same assumptions as for the pension benefits, together with the assumption of a weighted average healthcare cost trend rate of 8.2% for the year ended December 31, 2018, 7.2% for the year ended December 31, 2017 and 7.0% for the year ended December 31, 2016.

The main actuarial assumption is the published mortality rates within the RP 2014 aggregate table with projection scale MP-2018 for 2018 and projection scale MP-2017 for 2017.

The Group expects to contribute \$6 million to the post-employment medical benefit plans during the annual period ending December 31, 2019.

**Movement in the post-employment medical obligations**

(In \$ million)	For the year ended December 31,	
	2018	2017
Liability for post-employment medical obligations as of the beginning of the year	106	105
Included in profit or loss:		
Current service cost	1	1
Interest cost	4	4
<b>Total expense recognized in profit or loss</b>	<b>5</b>	<b>5</b>
Remeasurement (gains) losses:		
Actuarial (gains) losses from changes in demographic assumptions	(4)	(6)
Actuarial (gains) losses from changes in financial assumptions	(7)	8
<b>Total remeasurement (gains) losses</b>	<b>(11)</b>	<b>2</b>
Other movements:		
Benefits paid by the plans	(6)	(6)
<b>Total other movements</b>	<b>(6)</b>	<b>(6)</b>
<b>Liability for post-employment medical obligations as of the end of the year</b>	<b>94</b>	<b>106</b>

For the year ended December 31, 2016, the Group recognized benefit plan expense of \$5 million related to post-employment medical obligations. The benefit plan expense was comprised of \$1 million of current service cost and \$4 million of interest cost.

For the year ended December 31, 2016, the Group recognized a remeasurement gain of \$5 million directly in other comprehensive income. The gain was comprised of \$7 million from changes in demographic assumptions net of \$2 million from changes in financial assumptions.

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Assumed health care cost trend rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one percentage point change in assumed health care cost trend rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	—	—
Increase (decrease) in the post-employment medical obligations	2	(2)

Discount rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one-half percentage point change in discount rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	—	—
Increase (decrease) in the post-employment medical obligations	(5)	5

#### 16.4 Defined contribution plans

The Group sponsors various defined contribution plans. During the year ended December 31, 2018, the Group recorded expense of \$65 million (2017: \$66 million; 2016: \$62 million) in relation to contributions to these plans in continuing operations in the statement of comprehensive income.

#### 16.5 Multi-employer plans

The Group also makes contributions, for some current and former employees, to union administered multi-employer pension plans based on negotiated labor contracts. While these plans provide for defined benefits, as a result of insufficient information the Group accounts for its participation in these plans as defined contribution plans. Specifically, the plans do not maintain IFRS accounting records and there is insufficient information to allocate amounts among employer participants. The Group, with union approval, has elected over the last several years to withdraw from virtually all of these multi-employer plans. Withdrawal creates a withdrawal liability obligation based upon guidelines outlined in the specific multi-employer plan.

The most significant of the multi-employer pension plans in which the Group participated was the PACE Industry Union-Management Pension Fund ("PIUMPF"), in which certain employees of both Evergreen and Pactiv Foodservice participated. Graham Packaging had withdrawn from this plan prior to the acquisition by the Group. Evergreen and Pactiv Foodservice reached agreements with the relevant unions, ratified by the unions in November 2013, to allow Evergreen and Pactiv Foodservice to withdraw from PIUMPF as of December 31, 2013. In December 2016, the Group and PIUMPF formally agreed and signed a Settlement Agreement and Release, which settles all prior matters relating to the pension withdrawal liability. The Group and PIUMPF agreed to a settlement of \$88 million, which was less than the previously-notified funding obligation, to be paid over 20 years reduced by amounts previously paid in 2015 and 2014. As a result, the Group has a liability of \$56 million as of December 31, 2018 (\$61 million as of December 31, 2017) for the present value of such future payments. If PIUMPF suffers a "mass withdrawal" (as defined in the Employee Retirement Income Security Act) prior to January 1, 2016, the Group's annual payment will continue until the end of the year in which the assets (exclusive of the withdrawal liability claims) are sufficient to meet all obligations, as determined by the Pension Benefit Guaranty Corporation. As of February 13, 2019, the Group has not received any notification that PIUMPF has suffered a mass withdrawal. If one did occur, the aggregate amount of the Group's required payments could increase and the increase could be material.

The Group has a withdrawal liability of \$8 million for its withdrawal from the other multi-employer plans.

For all of its multi-employer pension plans, the Group expects to make payments of approximately \$4 million annually over the next 17 years.

#### 17. Provisions

(In \$ million)	Asset retirement obligations	Restructuring	Workers' compensation	Other	Total
<b>Balance as of December 31, 2017</b>	<b>44</b>	<b>19</b>	<b>42</b>	<b>23</b>	<b>128</b>
Provisions made	—	16	13	10	39
Provisions used	—	(16)	(15)	(6)	(37)
Provisions reversed	—	(5)	(1)	(1)	(7)
Other	1	—	(2)	1	—
<b>Balance as of December 31, 2018</b>	<b>45</b>	<b>14</b>	<b>37</b>	<b>27</b>	<b>123</b>
Current	5	11	11	16	43
Non-current	40	3	26	11	80
<b>Total provisions as of December 31, 2018</b>	<b>45</b>	<b>14</b>	<b>37</b>	<b>27</b>	<b>123</b>
Current	2	13	13	11	39

Non-current	42	6	29	12	89
<b>Total provisions as of December 31, 2017</b>	<b>44</b>	<b>19</b>	<b>42</b>	<b>23</b>	<b>128</b>



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**Other provisions**

Other provisions as of December 31, 2018 included \$6 million of environmental remediation programs (2017: \$7 million).

**18. Equity**

**18.1 Share capital**

The reported share capital balance as of December 31, 2018 is that of the Company.

Further information regarding Reynolds Group Holdings Limited's issued capital is detailed below:

<b>Number of shares</b>	<b>For the year ended December 31,</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
Balance at the beginning of the year	71,500,004	71,500,004	71,500,004
Changes in shares	—	—	—
<b>Balance at the end of the year</b>	<b>71,500,004</b>	<b>71,500,004</b>	<b>71,500,004</b>

All issued shares are fully paid and have no par value.

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to the Company's residual assets in the event of a wind-up.

**18.2 Dividends**

There were no dividends declared or paid by the Company during any years presented.

**18.3 Capital management**

The Directors are responsible for monitoring and managing the Group's capital structure. Capital is comprised of equity and external borrowings.

The Directors' policy is to maintain an acceptable capital base to promote the confidence of the Group's financiers and creditors and to sustain the future development of the business. The Directors monitor the Group's financial position to ensure that it complies at all times with its financial and other covenants as set out in its financing arrangements.

In order to maintain or adjust the capital structure, the Directors may elect to take a number of measures including, for example, to dispose of assets or operating segments of the business, alter its short to medium term plans with respect to capital projects and working capital levels, or re-balance the level of equity and external debt in place.

**19. Financial risk management**

**19.1 Overview**

This note presents information about the Group's exposure to market risk, credit risk and liquidity risk, and where applicable, the Group's objectives, policies and procedures for managing these risks.

Exposure to market, credit and liquidity risks arises in the normal course of the Group's business. The Directors of the Group and the ultimate parent entity have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Directors have established a treasury policy that identifies risks faced by the Group and sets out policies and procedures to mitigate those risks. Risk management is primarily carried out by the treasury function of the Group. The Directors have delegated authority levels and authorized the use of various financial instruments to a restricted number of personnel within the treasury function.

Monthly combined treasury reports are prepared for the Directors and officers of the Group, who ensure compliance with the risk management policies and procedures.

**19.2 Market risk**

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and commodity prices, will affect the Group's cash flows or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group buys and sells derivatives in the ordinary course of business to manage market risks. The Group does not enter into derivative contracts for speculative purposes.



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**(a) Foreign currency exchange rate risk**

As a result of the Group's international operations, foreign currency exchange risk exposures exist on sales, purchases, financial assets and borrowings that are denominated in currencies that are not the functional currency of that subsidiary. In these circumstances, a change in exchange rates would impact the profit or loss component of the Group's statement of comprehensive income.

In accordance with the Group's treasury policy, the Group takes advantage of natural offsets to the extent possible. Therefore, when commercially feasible, the Group borrows in the same currencies in which cash flows from operations are generated. On a limited basis, the Group uses derivatives to hedge residual foreign currency exchange risk arising from receipts and payments denominated in foreign currencies. The Group generally does not hedge its exposure to translation gains or losses in respect of its non-U.S. dollar functional currency assets or liabilities. Additionally, when considered appropriate, the Group may enter into derivatives to hedge foreign currency exchange risk arising from specific transactions.

The Group is also exposed to foreign currency exchange risk on certain intercompany borrowings between certain of its entities with different functional currencies.

**(b) Interest rate risk**

The Group's interest rate risk arises from long-term borrowings at both fixed and floating rates and from deposits which earn interest at floating rates. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group has exposure to both floating and fixed interest rates on borrowings primarily denominated in the U.S. dollar and the euro. Interest rate risk on borrowings at floating rates is partially offset by interest on cash deposits also earned at floating rates.

The Group has adopted a policy to ensure that at least 50% of its overall exposure to changes in interest rates on borrowings is on a fixed rate basis.

The following table sets out the Group's interest rate risk repricing profile:

(In \$ million)	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2018</b>					
<b>Fixed rate instruments</b>					
Borrowings	(6,377)	(2)	(3,488)	(1,604)	(1,283)
<b>Total fixed rate instruments</b>	<b>(6,377)</b>	<b>(2)</b>	<b>(3,488)</b>	<b>(1,604)</b>	<b>(1,283)</b>
<b>Floating rate instruments</b>					
Cash and cash equivalents	783	783	—	—	—
Related party receivables	328	328	—	—	—
Borrowings	(4,699)	(4,699)	—	—	—
<b>Total floating rate instruments</b>	<b>(3,588)</b>	<b>(3,588)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(9,965)</b>	<b>(3,590)</b>	<b>(3,488)</b>	<b>(1,604)</b>	<b>(1,283)</b>

(In \$ million)	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2017</b>					
<b>Fixed rate instruments</b>					
Borrowings	(6,694)	(19)	(3,141)	(650)	(2,884)
<b>Total fixed rate instruments</b>	<b>(6,694)</b>	<b>(19)</b>	<b>(3,141)</b>	<b>(650)</b>	<b>(2,884)</b>
<b>Floating rate instruments</b>					
Cash and cash equivalents	617	617	—	—	—
Related party receivables	329	329	—	—	—
Borrowings	(4,746)	(4,746)	—	—	—
<b>Total floating rate instruments</b>	<b>(3,800)</b>	<b>(3,800)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(10,494)</b>	<b>(3,819)</b>	<b>(3,141)</b>	<b>(650)</b>	<b>(2,884)</b>

The Group's sensitivity to interest rate risk can be expressed in two ways:



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**Fair value sensitivity analysis**

A change in interest rates impacts the fair value of the Group's fixed rate borrowings. Given all debt instruments are carried at amortized cost, a change in interest rates would not impact the profit or loss component of the statement of comprehensive income.

**Cash flow sensitivity analysis**

A change in interest rates would impact future interest payments and receipts on the Group's floating rate liabilities and assets. An increase or decrease in interest rates of 100 basis points at the reporting date would impact the statement of comprehensive income result and equity by the amounts described below, based on the assets and liabilities held at the reporting date, and a one-year timeframe. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. The analysis is performed on the same basis for comparative years.

The underlying rate for the Floating Rate Senior Secured Notes due 2021 is the three-month Dollar LIBO Rate. As of December 31, 2018, the three-month Dollar LIBO Rate was 2.44%. In July 2016, the Group entered into a \$750 million interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While the Group has elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is fixed at 4.670% from October 15, 2016.

The underlying rates for the Credit Agreement are the one-month LIBOR and EURIBOR, which as of December 31, 2018 were 2.52% and (0.36)%, respectively. Based on the Group's outstanding debt commitments as of December 31, 2018, a one-year timeframe and all other variables, in particular foreign currency exchange rates, remaining constant, a 100 basis point increase in interest rates would result in a \$32 million increase in interest expense on the U.S. term loan and a \$2 million increase in interest expense on the European term loan under the Credit Agreement. A 100 basis point decrease in interest rates would result in a \$32 million decrease in interest expense on the U.S. term loan and would have no impact on interest expense for the European term loan due to the EURIBOR floor under the Credit Agreement.

The underlying rate for the Securitization Facility is the one-month LIBOR. As of December 31, 2018, the applicable one-month LIBOR was 2.47%. Based on the Group's outstanding debt commitments under the Securitization Facility as of December 31, 2018, a one-year timeframe and all other variables remaining constant, a 100 basis point increase (decrease) in the underlying interest rate would result in a \$4 million increase (decrease) in interest expense.

**(c) Commodity and other price risk**

Commodity and other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Group's exposure to commodity and other price risk arises principally from the purchase of resin, natural gas and aluminum. The Group generally purchases commodities at spot market prices and does not use commodity financial instruments or derivatives to hedge commodity prices, except for the items in the table below.

The Group's objective is to ensure that its commodity and other price risk exposure is kept at an acceptable level. In accordance with the Group's treasury policy, the Group enters into derivative instruments to reduce the Group's exposure in relation to the cost of resin (and its components), natural gas, diesel, electricity and aluminum. These derivatives are implemented to either (a) mitigate the impact of the lag in timing between when raw material costs change and when the Group can pass on these raw material costs changes to its customers or (b) fix the Group's input costs for a period of time.

The following table provides the detail of outstanding commodity derivative contracts as of December 31, 2018:

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
High density polyethylene swaps	pound	9,600,000	\$0.85 - \$0.85	Jan 2019 - Dec 2019
Aluminum swaps	metric tonne	34,711	\$1,925.00 - \$2,499.50	Jan 2019 - Dec 2019
Aluminum Midwest Premium swaps	metric tonne	4,126	\$403.45 - \$407.85	Jan 2019 - Dec 2019
Natural gas swaps	million BTU	3,508,032	\$2.58 - \$3.14	Jan 2019 - Dec 2019
Ethylene	pound	2,730,973	\$0.29 - \$0.29	Jan 2019 - Apr 2019
Polymer-grade propylene swaps	pound	29,590,584	\$0.44 - \$0.61	Jan 2019 - Jun 2019
Benzene swaps	U.S. liquid gallon	9,826,568	\$2.24 - \$3.07	Feb 2019 - Sep 2019
Diesel swaps	U.S. liquid gallon	5,020,626	\$2.88 - \$3.42	Jan 2019 - Dec 2019
Low-density polyethylene swaps	pound	18,000,000	\$0.85 - \$0.93	Jan 2019 - Dec 2019

The fair values of the derivative contracts are derived from inputs based on quoted market prices or traded exchange market prices and represent the estimated amounts that the Group would pay or receive to terminate the contracts. During the year ended December 31, 2018, the Group recognized an unrealized loss of \$22 million (2017: unrealized gain of \$1 million; 2016: unrealized gain of \$22 million) as a component of net other income (expenses) in the statements of comprehensive income. During the year ended December 31, 2018, the Group recognized a realized loss



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of \$18 million (2017: realized gain of \$20 million; 2016: realized loss of \$17 million) as a component of cost of sales in the statements of comprehensive income.

A 10% upward (downward) movement in the price curve used to value the commodity derivative contracts, applied as of December 31, 2018, would have resulted in a \$2 million change in unrealized gains recognized in the statement of comprehensive income assuming all other variables remain constant.

### 19.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and related entities.

Given the diverse global operations and customers across the Group, the Directors have delegated authority for credit control procedures to each of the segments within the Group, subject to certain Group-determined limits. Each operating business is responsible for managing its own credit control procedures. These include, but are not limited to, reviewing the individual characteristics of new customers for creditworthiness before accepting the customer and agreeing upon purchase limits and terms of trade. If considered appropriate the operating business may take out insurance for specific debtors.

Generally, the Group does not require collateral with respect to trade and other receivables. Goods are generally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. For certain sales letters of credit are obtained.

The Group's exposure to credit risk is primarily in its trade and other receivables and is influenced mainly by the individual characteristics of each customer. Historically there has been a low level of losses resulting from default by customers and related entities. The carrying amount represents the maximum credit exposure. Refer to note 10 for additional information.

The Group limits its exposure to credit risk by making deposits and entering into derivative instruments with counterparties that have a credit rating of at least investment grade. Given these high credit ratings, management does not expect any such counterparty to fail to meet its obligations.

### 19.4 Liquidity risk

Liquidity risk is the risk that the Group will not meet its contractual obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due.

The Group evaluates its liquidity requirements on an ongoing basis using both a 13-week rolling forecast and a 12-month rolling forecast and ensures that it has sufficient cash on hand to meet expected operating expenses, including the servicing of financial obligations. As of December 31, 2018, the Group had \$783 million of cash and cash equivalents on hand.

The Group's cash flows from operations and existing cash, together with other available external financing sources, will be adequate to meet the Group's liquidity needs for the next year. It also has credit lines in place to cover potential shortfalls. As of December 31, 2018, the Group had undrawn lines of credit under the revolving facility of the Credit Agreement totaling \$244 million and undrawn availability under the Securitization Facility. In addition, the Group has local working capital facilities in various jurisdictions which are available if needed to support the cash management of local operations.

The following table sets out contractual cash flows for all financial liabilities including commodity and foreign currency derivatives:

(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2018</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,163)	(1,015)	(1,015)	—	—	—
Borrowings, including interest	(11,035)	(14,302)	(1,118)	(5,459)	(6,281)	(1,444)
	<b>(12,198)</b>	<b>(15,317)</b>	<b>(2,133)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	—	8	8	—	—	—
Outflows	(17)	(25)	(25)	—	—	—
	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,215)</b>	<b>(15,334)</b>	<b>(2,150)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>

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(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2017</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,116)	(984)	(984)	—	—	—
Borrowings, including interest	(11,389)	(14,253)	(1,069)	(4,394)	(2,172)	(6,618)
	<b>(12,505)</b>	<b>(15,237)</b>	<b>(2,053)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	5	7	7	—	—	—
Outflows	—	(2)	(2)	—	—	—
	<b>5</b>	<b>5</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,500)</b>	<b>(15,232)</b>	<b>(2,048)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>

**19.5 Classification and fair values**

(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2018</b>					
<b>Assets</b>					
Cash and cash equivalents	—	783	—	783	783
Current and non-current receivables	—	1,469	—	1,469	1,469
Derivative financial assets:					
Commodity derivatives	1	—	—	1	1
Interest rate swap derivatives	28	—	—	28	28
Embedded derivatives	12	—	—	12	12
<b>Total assets</b>	<b>41</b>	<b>2,252</b>	<b>—</b>	<b>2,293</b>	<b>2,293</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,163)	(1,163)	(1,163)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(18)	—	—	(18)	(18)
Borrowings	—	—	(11,035)	(11,035)	(10,933)
<b>Total liabilities</b>	<b>(18)</b>	<b>—</b>	<b>(12,243)</b>	<b>(12,261)</b>	<b>(12,159)</b>



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(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2017</b>					
<b>Assets</b>					
Cash and cash equivalents	—	617	—	617	617
Current and non-current receivables	—	1,488	—	1,488	1,488
Derivative financial assets:					
Commodity derivatives	7	—	—	7	7
Interest rate swap derivatives	26	—	—	26	26
Embedded derivatives	259	—	—	259	259
<b>Total assets</b>	<b>292</b>	<b>2,105</b>	<b>—</b>	<b>2,397</b>	<b>2,397</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,116)	(1,116)	(1,116)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(2)	—	—	(2)	(2)
Borrowings	—	—	(11,389)	(11,389)	(11,696)
<b>Total liabilities</b>	<b>(2)</b>	<b>—</b>	<b>(12,550)</b>	<b>(12,552)</b>	<b>(12,859)</b>

The methods used in determining fair values of financial instruments are disclosed in note 3.3 and note 3.4.

**19.6 Fair value measurements recognized in the statement of comprehensive income**

The following table sets out an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value and are grouped into levels based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(In \$ million)	Level 1	Level 2	Level 3	Total
<b>As of December 31, 2018</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	(17)	—	(17)
Interest rate swap derivatives, net	—	28	—	28
Embedded derivatives	—	12	—	12
<b>Total</b>	<b>—</b>	<b>23</b>	<b>—</b>	<b>23</b>
<b>As of December 31, 2017</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	5	—	5
Foreign currency derivatives, net	—	—	—	—
Interest rate swap derivatives, net	—	26	—	26

Embedded derivatives	—	259	—	259
<b>Total</b>	<b>—</b>	<b>290</b>	<b>—</b>	<b>290</b>

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There were no transfers between any levels during the years ended December 31, 2018 and 2017. There have been no changes in the classifications of financial instruments as a result of a change in the purpose or use of these instruments.

**20. Related parties**

**Parent and ultimate controlling party**

The immediate parent of the Company is Packaging Finance Limited, the ultimate parent of the Company is Packaging Holdings Limited and the ultimate shareholder is Mr. Graeme Hart.

**Transactions with key management personnel**

Key management personnel compensation was comprised of:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Short-term employee benefits	13	15	17
Long-term employee benefits	3	3	4
<b>Total compensation expense to key management personnel</b>	<b>16</b>	<b>18</b>	<b>21</b>

Certain key management personnel are compensated by related party entities outside of the Group and it is not possible to make a reasonable apportionment of their compensation in respect of the Group. Accordingly, the above amounts include no compensation in respect of these individuals.

There were no other transactions with key management personnel during the years ended December 31, 2018, 2017 and 2016.

**Related party transactions**

The entities and types of transactions with which the Group entered into related party transactions during the years are detailed below. All related parties detailed below have a common ultimate shareholder, except for the joint ventures.

(In \$ million)	Transaction value for the year ended December 31,			Balance outstanding as of December 31,	
	2018	2017	2016	2018	2017
<b>Balances and transactions with immediate and ultimate parent entities</b>					
Included in trade and other payables				—	—
Tax loss transfer	—	—	(16)		
<b>Balances and transactions with joint ventures</b>					
Included in trade and other receivables, net				12	8
Sale of goods and services <sup>(a)</sup>	28	22	24		
<b>Balances and transactions with Rank Group Limited</b>					
Included in related party and other non-current receivables <sup>(b)(e)</sup>				328	329
Interest income	17	17	17		
Included in trade and other payables <sup>(e)</sup>				(32)	(31)
Recharges <sup>(c)</sup>	(1)	(5)	(7)		
Management fee <sup>(d)</sup>	(28)	(31)	(47)		
Tax loss transfer	(3)	(1)	(4)		
<b>Balances and transactions with Rank Group North America, Inc.</b>					
Included in trade and other receivables, net				—	—
Recharges	2	1	4		
Included in trade and other payables				—	—
Recharges <sup>(c)</sup>	(17)	(16)	(15)		
<b>Balances and transactions with other related parties</b>					
Included in trade and other receivables, net				1	—

Recharges	5	5	3		
Included in trade and other payables				(1)	(1)

- (a) All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

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- (b) The loan receivable from Rank Group Limited accrues interest at a rate based on the average 90-day New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. Interest is only charged or accrued if demanded by the Company. During the year ended December 31, 2018, interest was charged at 5.16% to 5.26% (2017: 5.16% to 5.25%; 2016: 5.31% to 5.78%). The loan is unsecured and repayable on demand. However, advances and interest are currently subordinated on terms such that, unless otherwise permitted, no payments can be made until the obligations under a senior secured credit facility of Rank Group Limited are repaid in full.
- (c) Represents certain costs paid by Rank Group Limited or Rank Group North America, Inc. on behalf of the Group that were subsequently recharged to the Group. These charges are for various costs incurred including services provided, financing and other activities. All amounts are unsecured, non-interest bearing and settled on normal trade terms.
- (d) The Group's financing agreements permit the payment to related parties of management, consulting, monitoring and advising fees (the "Management Fee") of up to 1.5% of the Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year. During the year ended December 31, 2016, the Group entered into a services agreement with Rank Group Limited. Rank Group Limited charged the Group a Management Fee of \$31 million during the year ended December 31, 2018 in relation to the 2017 financial year. During the years ended December 31, 2017 and 2016, Rank Group Limited charged the Group a Management Fee of \$31 million and \$30 million in relation to the 2016 and 2015 financial years, respectively. Also during the year ended December 31, 2017, Rank Group Limited charged the Group a Management Fee of \$15 million in relation to the 2009 and 2010 financial years, of which \$8 million was included in continuing operations with the remainder included in discontinued operations. In addition, the Group has accrued \$28 million in 2018 in respect of an expected management fee related to the 2018 financial year.
- (e) In August 2017, Rank Group Limited repaid \$24 million of the related party loan receivable balance and the Group, by way of a payment direction, repaid \$23 million of outstanding related party trade payable balances due to Rank Group Limited and \$1 million of outstanding related party borrowings due to the Company's ultimate parent.

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**21. Group entities**

	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest (%)
			2018	2017	2018
Alusud Argentina S.R.L.	Dec-31	Argentina	100	100	100
Graham Packaging Argentina S.R.L.	Dec-31	Argentina	100	100	100
Gulf Closures W.L.L. <sup>(a)</sup>	Dec-31	Bahrain	49	49	49
Graham Packaging Belgium BVBA	Dec-31	Belgium	100	100	100
Graham Packaging Lummen BVBA	Dec-31	Belgium	100	100	100
Closure Systems International (Brazil) Sistemas de Vedacao Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging do Brasil Indústria e Comércio Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging Paraná Ltda. <sup>(b)</sup>	Dec-31	Brazil	—	100	—
Resin Rio Comercio Ltda. <sup>(b)</sup>	Dec-31	Brazil	—	100	—
CSI Latin American Holdings Corporation	Dec-31	British Virgin Islands	100	100	100
Evergreen Packaging Canada Limited	Dec-31	Canada	100	100	100
Graham Packaging Canada Company	Dec-31	Canada	100	100	100
Pactiv Canada Inc.	Dec-31	Canada	100	100	100
Reynolds Consumer Products Canada Inc.	Dec-31	Canada	100	100	100
Alusud Embalajes Chile Ltda.	Dec-31	Chile	100	100	100
Closure Systems International (Guangzhou) Limited <sup>(c)</sup>	Dec-31	China	—	100	—
CSI Closure Systems (Hangzhou) Co., Ltd.	Dec-31	China	100	100	100
CSI Closure Systems (Tianjin) Co., Ltd. <sup>(c)</sup>	Dec-31	China	—	100	—
Evergreen Packaging (Shanghai) Co., Ltd.	Dec-31	China	100	100	100
Graham Packaging (Guangzhou) Co., Ltd. <sup>(c)</sup>	Dec-31	China	—	100	—
Graham Packaging (Taizhou) Co., Ltd.	Dec-31	China	100	100	100
Reynolds Metals (Shanghai) Ltd.	Dec-31	China	100	100	100
Techne Machineries Foshan Ltd (in liquidation) <sup>(d)</sup>	Dec-31	China	100	100	100
Zhejiang Zhongbao Pactiv Packaging Co., Ltd.	Dec-31	China	62.5	62.5	62.5
Alusud Embalajes Colombia Ltda.	Dec-31	Colombia	100	100	100
Closure Systems International (Colombia Trade) S.A.S.	Dec-31	Colombia	100	100	100
CSI Closure Systems Manufacturing de Centro America, Sociedad de Responsabilidad Limitada	Dec-31	Costa Rica	100	100	100
Closure Systems International (Egypt) LLC	Dec-31	Egypt	100	100	100
Evergreen Packaging de El Salvador, S.A. de C.V.	Dec-31	El Salvador	100	100	100
Graham Packaging Company Oy	Dec-31	Finland	100	100	100
Graham Packaging Europe S.N.C.	Dec-31	France	100	100	100
Graham Packaging France S.A.S.	Dec-31	France	100	100	100
Graham Packaging Normandy S.A.R.L.	Dec-31	France	100	100	100
Graham Packaging Villecomtal S.A.R.L.	Dec-31	France	100	100	100
Closure Systems International Machinery (Germany) GmbH	Dec-31	Germany	100	100	100
Pactiv Deutschland Holdinggesellschaft mbH	Dec-31	Germany	100	100	100
Pactiv-Omni Germany Holdings GmbH <sup>(b)</sup>	Dec-31	Germany	—	100	—

Closure Investment Holdings (Hong Kong) Limited <sup>(e)</sup>	Dec-31	Hong Kong	100	100	100
GP Asia Limited <sup>(f)</sup>	Dec-31	Hong Kong	100	100	100
Roots Investment Holding Private Limited <sup>(c)</sup>	Dec-31	Hong Kong	—	100	—
Technegen International Limited	Dec-31	Hong Kong	100	100	100
CSI Hungary Manufacturing and Trading Limited Liability Company	Dec-31	Hungary	100	100	100
Closure Systems International (I) Private Limited <sup>(c)</sup>	Mar-31	India	—	100	—
PT. Graham Packaging Indonesia	Dec-31	Indonesia	100	100	100

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Closure Systems International Japan, Limited	Dec-31	Japan	100	100	100
Closure Systems International (Korea), Ltd. <sup>(c)</sup>	Dec-31	Korea	—	100	—
Evergreen Packaging Korea Limited	Dec-31	Korea	100	100	100
Graham Packaging European Holdings (Luxembourg) S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) I S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) II S.à r.l.	Dec-31	Luxembourg	100	100	100
CSI en Ensenada, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI en Saltillo, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI Tecniservicio, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Graham Packaging Plastic Products de Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Grupo Corporativo Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Grupo CSI de México, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Innovación y Asesoría en Plástico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Foodservice Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicio Terrestre Jaguar, S.A. de C.V. <sup>(b)</sup>	Dec-31	Mexico	—	100	—
Servicios Graham Packaging, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicios Industriales Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Servicios Integrales de Operación, S.A. de C.V.	Dec-31	Mexico	100	100	100
Closure Systems International Nepal Private Limited <sup>(c)</sup>	Jul-16	Nepal	—	100	—
Graham Packaging Holdings B.V.	Dec-31	Netherlands	100	100	100
Graham Packaging Zoetermeer B.V.	Dec-31	Netherlands	100	100	100
Beverage Packaging (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Factoring Trust <sup>(g)</sup>	Dec-31	New Zealand	—	—	—
Beverage Packaging Holdings I Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Holdings III Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Holdings V Limited	Dec-31	New Zealand	100	100	100
Closure Systems International Limited	Dec-31	New Zealand	100	100	100
Evergreen Packaging International Limited	Dec-31	New Zealand	100	100	100
Reynolds Group Issuer (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Reynolds Packaging I Limited <sup>(h)</sup>	Dec-31	New Zealand	100	—	100
Reynolds Packaging International Limited	Dec-31	New Zealand	100	100	100
Alusud Peru S.A.	Dec-31	Peru	100	100	100
Closure Systems International (Philippines), Inc. <sup>(c)</sup>	Dec-31	Philippines	—	100	—
Graham Packaging Poland Sp. z o.o.	Dec-31	Poland	100	100	100
CSI Vostok Limited Liability Company (in liquidation) <sup>(d)</sup>	Dec-31	Russia	100	100	100
Pactiv Asia Pte Ltd	Dec-31	Singapore	100	100	100
Closure Systems International España, S.L.U.	Dec-31	Spain	100	100	100
Closure Systems International Holdings (Spain), S.A.U. <sup>(b)</sup>	Dec-31	Spain	—	100	—
Graham Packaging Iberica S.L.	Dec-31	Spain	100	100	100
Reynolds Food Packaging Spain, S.L.U. <sup>(c)</sup>	Dec-31	Spain	—	100	—
Evergreen Packaging (Taiwan) Co., Ltd.	Dec-31	Taiwan	100	100	100
Closure Systems International Plastik İthalat İhracat Sanayi Ve Ticaret Limited Şirketi	Dec-31	Turkey	100	100	100



Graham Packaging European Services Limited	Dec-31	United Kingdom	100	100	100
Graham Packaging Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Ivex Holdings, Ltd. <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Ivex Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Kama Europe Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Pactiv (Films) Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Baker's Choice Products, Inc. <sup>(b)</sup>	Dec-31	U.S.A.	—	100	—
BCP/Graham Holdings LLC	Dec-31	U.S.A.	100	100	100

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Blue Ridge Holding LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
Blue Ridge Paper Products LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
BRPP, LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Americas, Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Holdings LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Packaging Machinery Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems Mexico Holdings LLC	Dec-31	U.S.A.	100	100	100
Coast-Packaging Company (California General Partnership) <sup>(a)</sup>	Dec-31	U.S.A.	50	50	50
CSI Mexico LLC	Dec-31	U.S.A.	100	100	100
CSI Sales & Technical Services Inc.	Dec-31	U.S.A.	100	100	100
Evergreen Packaging LLC <sup>(k)</sup>	Dec-31	U.S.A.	100	100	100
GEC Packaging Technologies LLC	Dec-31	U.S.A.	100	100	100
GPC Opco GP LLC	Dec-31	U.S.A.	100	100	100
GPC Sub GP LLC	Dec-31	U.S.A.	100	100	100
GPC US LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Europe LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Company, L.P.	Dec-31	U.S.A.	100	100	100
Graham Packaging Holdings Company	Dec-31	U.S.A.	100	100	100
Graham Packaging International Plastics Products Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Latin America, LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Leasing USA LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging PET Technologies Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Plastic Products LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging PX Company	Dec-31	U.S.A.	100	100	100
Graham Packaging PX Holding Corporation	Dec-31	U.S.A.	100	100	100
Graham Packaging PX, LLC	Dec-31	U.S.A.	100	100	100
Pactiv International Holdings Inc. <sup>(b)</sup>	Dec-31	U.S.A.	—	100	—
Pactiv LLC	Dec-31	U.S.A.	100	100	100
Pactiv Management Company LLC	Dec-31	U.S.A.	100	100	100
Pactiv Packaging Inc.	Dec-31	U.S.A.	100	100	100
PCA West Inc.	Dec-31	U.S.A.	100	100	100
RenPac Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products Holdings LLC	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products LLC	Dec-31	U.S.A.	100	100	100
Reynolds Group Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer LLC	Dec-31	U.S.A.	100	100	100
Reynolds Manufacturing, Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Presto Products Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Services Inc.	Dec-31	U.S.A.	100	100	100
Southern Plastics Inc.	Dec-31	U.S.A.	100	100	100

Trans Western Polymers, Inc.	Dec-31	U.S.A.	100	100	100
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- (a) The Group has the control and it has the power to govern the financial and operating policies of the entity.
- (b) Merged during the year with another entity in the Group.
- (c) Sold during the year.
- (d) In voluntary liquidation.
- (e) Name changed during the year from Closure Systems International (Hong Kong) Limited.
- (f) Name changed during the year from Graham Packaging Asia Limited.
- (g) Included as a group entity on the basis that Beverage Packaging Holdings I Limited is the manager and beneficiary of this entity.
- (h) Incorporated during the year.
- (i) Name changed during the year from Blue Ridge Holding Corp.
- (j) Name changed during the year from Blue Ridge Paper Products Inc.
- (k) Name changed during the year from Evergreen Packaging Inc.

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**22. Operating leases**

Non-cancellable operating lease rentals are payable as follows:

(In \$ million)	As of December 31,	
	2018	2017
Less than one year	104	110
Between 1 and 5 years	229	244
More than 5 years	50	63
<b>Total</b>	<b>383</b>	<b>417</b>

During the year ended December 31, 2018, \$146 million of operating lease expense was recognized in the statement of comprehensive income as a component of profit or loss (2017: \$133 million; 2016: \$114 million).

**23. Capital commitments**

As of December 31, 2018, the Group had entered into contracts to incur capital expenditures of \$159 million (2017: \$155 million) for the acquisition of property, plant and equipment. These commitments are expected to be settled in the following financial year.

**24. Contingencies**

**Management fee**

The Group's financing agreements permit the payment to related parties of management, consulting, monitoring and advisory fees (the "Management Fee") of up to 1.5% of the Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year.

The Credit Agreement permits the Group to pay an additional Management Fee of up to \$22 million in respect of the 2009 and 2010 financial years. No amount has been accrued in respect of the remaining 2009 and 2010 permitted Management Fee of up to \$22 million.

**Security and guarantee arrangements**

Certain members of the Group have entered into guarantee and security arrangements in respect of the Group's indebtedness (refer to note 15 for additional information).

**Other matters**

The Group is party to litigation, legal proceedings and tax examinations arising from its operations. The Group establishes provisions for claims and proceedings that constitute a present obligation when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of such obligation can be made. While it is not possible to predict the outcome of any of these matters, based on management's assessment of the facts and circumstances now known, management does not believe any of these matters, individually or in the aggregate, will have a material adverse effect on the Group's financial position, results of operations or cash flows. However, actual outcomes may differ from those expected and could have a material effect on the Group's financial position, results of operations or cash flows in a particular future period. As of December 31, 2018, except for amounts provided, there were no legal proceedings pending other than those for which the Group has determined that the possibility of a material outflow is remote.

As part of the agreements for the sale of various businesses, the Group has provided certain warranties and indemnities to the respective purchasers as set out in the respective sale agreements. These warranties and indemnities are subject to various terms and conditions affecting the duration and total amount of the indemnities. As of December 31, 2018, the Group is not aware of any material claims under these agreements that would give rise to an additional liability. However, if such claims arise in the future, they could have a material effect on the Group's financial position, results of operations and cash flows.

**25. Condensed consolidating guarantor financial information**

Certain of the Group's subsidiaries have guaranteed the Group's obligations under the Reynolds Notes (as defined in note 15).

The following condensed consolidating financial information presents:

- (1) The condensed consolidating statements of financial position as of December 31, 2018 and 2017 and the related statements of comprehensive income and cash flows for each of the years ended December 31, 2018, 2017 and 2016 of:
  - a. Reynolds Group Holdings Limited, the Parent;
  - b. the Reynolds Notes Issuers (as defined in note 15);
  - c. the other guarantor subsidiaries;
  - d. the non-guarantor subsidiaries; and

e. the Group on a consolidated basis.

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(2)Adjustments and elimination entries necessary to consolidate Reynolds Group Holdings Limited, the Parent, with the Reynolds Notes Issuers, the other guarantor subsidiaries and the non-guarantor subsidiaries.

The condensed consolidating statements of comprehensive income and consolidating statements of cash flows for the years ended December 31, 2018, 2017 and 2016 and the condensed consolidating statements of financial position as of December 31, 2018 and 2017 reflect the current guarantor structure of the Group.

Each guarantor subsidiary is 100% owned by the Parent. The notes are guaranteed to the extent permitted by law and are subject to certain customary guarantee release provisions set forth in the indentures governing the notes on a joint and several basis by each guarantor subsidiary. Provided below are condensed consolidating statements of comprehensive income, financial position and cash flows of each of the companies listed above, together with the condensed consolidating statements of comprehensive income, financial position and cash flows of guarantor and non-guarantor subsidiaries. These have been prepared under the Group's accounting policies disclosed in note 3 which comply with IFRS with the exception of investments in subsidiaries. Investments in subsidiaries are accounted for using the equity method. The guarantor subsidiaries and non-guarantor subsidiaries are each presented on a combined basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

**Reynolds Group Holdings Limited**  
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**Condensed consolidating statement of comprehensive income**

(In \$ million)	For the year ended December 31, 2018					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
Revenue	—	—	9,682	1,202	(224)	10,660
Cost of sales	—	—	(7,769)	(1,021)	224	(8,566)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>1,913</b>	<b>181</b>	<b>—</b>	<b>2,094</b>
Net other income (expenses) and share of equity method earnings, net of income tax	(17)	—	(278)	(24)	40	(279)
Selling, marketing and distribution expenses	—	—	(239)	(25)	—	(264)
General and administration expenses	—	—	(637)	(60)	—	(697)
<b>Profit (loss) from operating activities</b>	<b>(17)</b>	<b>—</b>	<b>759</b>	<b>72</b>	<b>40</b>	<b>854</b>
Financial income	17	499	74	61	(605)	46
Financial expenses	(7)	(647)	(778)	(38)	605	(865)
<b>Net financial income (expenses)</b>	<b>10</b>	<b>(148)</b>	<b>(704)</b>	<b>23</b>	<b>—</b>	<b>(819)</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>(7)</b>	<b>(148)</b>	<b>55</b>	<b>95</b>	<b>40</b>	<b>35</b>
Income tax (expense) benefit	—	38	(49)	(29)	—	(40)
<b>Profit (loss) from continuing operations</b>	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>
Profit (loss) from discontinued operations, net of income tax	—	—	—	—	—	—
<b>Profit (loss) for the year</b>	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>
Total other comprehensive income (loss), net of income tax	(18)	—	(5)	(8)	13	(18)
<b>Total comprehensive income (loss) for the year</b>	<b>(25)</b>	<b>(110)</b>	<b>1</b>	<b>58</b>	<b>53</b>	<b>(23)</b>
<b>Profit (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	(7)	(110)	6	64	40	(7)
Equity holder of the Group - discontinued operations	—	—	—	—	—	—
Non-controlling interests	—	—	—	2	—	2
	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>
<b>Total comprehensive income (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	(25)	(110)	1	56	53	(25)
Equity holder of the Group - discontinued operations	—	—	—	—	—	—
Non-controlling interests	—	—	—	2	—	2
	<b>(25)</b>	<b>(110)</b>	<b>1</b>	<b>58</b>	<b>53</b>	<b>(23)</b>

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**Condensed consolidating statement of financial position**

(In \$ million)	As of December 31, 2018					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
<b>Assets</b>						
Cash and cash equivalents	—	—	663	120	—	783
Trade and other receivables, net	—	—	98	1,023	—	1,121
Inventories	—	—	1,270	141	—	1,411
Inter-group receivables	—	985	28	1	(1,014)	—
Assets held for sale	—	—	5	—	—	5
Other assets	—	11	80	17	—	108
<b>Total current assets</b>	<b>—</b>	<b>996</b>	<b>2,144</b>	<b>1,302</b>	<b>(1,014)</b>	<b>3,428</b>
Investments in subsidiaries	1,408	—	895	—	(2,303)	—
Property, plant and equipment	—	—	2,714	307	—	3,021
Intangible assets	—	—	8,921	301	—	9,222
Inter-group receivables	8	6,301	1,795	245	(8,349)	—
Other assets	328	29	109	41	—	507
<b>Total non-current assets</b>	<b>1,744</b>	<b>6,330</b>	<b>14,434</b>	<b>894</b>	<b>(10,652)</b>	<b>12,750</b>
<b>Total assets</b>	<b>1,744</b>	<b>7,326</b>	<b>16,578</b>	<b>2,196</b>	<b>(11,666)</b>	<b>16,178</b>
<b>Liabilities</b>						
Trade and other payables	33	119	832	179	—	1,163
Borrowings	—	—	36	419	—	455
Inter-group payables	—	13	985	16	(1,014)	—
Other liabilities	3	—	234	29	—	266
<b>Total current liabilities</b>	<b>36</b>	<b>132</b>	<b>2,087</b>	<b>643</b>	<b>(1,014)</b>	<b>1,884</b>
Borrowings	—	6,604	3,976	—	—	10,580
Inter-group liabilities	91	490	7,094	674	(8,349)	—
Other liabilities	—	6	2,013	69	—	2,088
<b>Total non-current liabilities</b>	<b>91</b>	<b>7,100</b>	<b>13,083</b>	<b>743</b>	<b>(8,349)</b>	<b>12,668</b>
<b>Total liabilities</b>	<b>127</b>	<b>7,232</b>	<b>15,170</b>	<b>1,386</b>	<b>(9,363)</b>	<b>14,552</b>
<b>Net assets</b>	<b>1,617</b>	<b>94</b>	<b>1,408</b>	<b>810</b>	<b>(2,303)</b>	<b>1,626</b>
<b>Equity</b>						
Equity attributable to equity holder of the Group	1,617	94	1,408	801	(2,303)	1,617
Non-controlling interests	—	—	—	9	—	9
<b>Total equity</b>	<b>1,617</b>	<b>94</b>	<b>1,408</b>	<b>810</b>	<b>(2,303)</b>	<b>1,626</b>



**Reynolds Group Holdings Limited**  
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**Condensed consolidating statement of cash flows**

(In \$ million)	For the year ended December 31, 2018					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
<b>Net cash from (used in) operating activities</b>	<b>(23)</b>	<b>(396)</b>	<b>1,107</b>	<b>26</b>	<b>236</b>	<b>950</b>
<b>Cash flows from (used in) investing activities</b>						
Acquisition of property, plant and equipment and intangible assets	—	—	(538)	(47)	—	(585)
Proceeds from sale of property, plant and equipment and other assets	—	—	20	1	—	21
Disposal of businesses, net of cash disposed	—	—	119	(1)	—	118
Net related party (advances) repayments	—	482	(19)	(28)	(435)	—
Related party interest received	—	214	22	—	(236)	—
Other	—	—	4	2	—	6
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>696</b>	<b>(392)</b>	<b>(73)</b>	<b>(671)</b>	<b>(440)</b>
<b>Cash flows from (used in) financing activities</b>						
Repayment of borrowings	—	(300)	(52)	—	—	(352)
Net related party borrowings (repayments)	23	—	(454)	(4)	435	—
Other	—	—	(3)	(2)	—	(5)
<b>Net cash from (used in) financing activities</b>	<b>23</b>	<b>(300)</b>	<b>(509)</b>	<b>(6)</b>	<b>435</b>	<b>(357)</b>

**Reynolds Group Holdings Limited**  
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**Condensed consolidating statement of comprehensive income**

(In \$ million)	For the year ended December 31, 2017					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
Revenue	—	—	9,368	1,352	(196)	10,524
Cost of sales	—	—	(7,259)	(1,139)	196	(8,202)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>2,109</b>	<b>213</b>	<b>—</b>	<b>2,322</b>
Net other income (expenses) and share of equity method earnings, net of income tax	425	—	176	(69)	(610)	(78)
Selling, marketing and distribution expenses	—	—	(247)	(30)	—	(277)
General and administration expenses	—	—	(681)	(64)	—	(745)
<b>Profit (loss) from operating activities</b>	<b>425</b>	<b>—</b>	<b>1,357</b>	<b>50</b>	<b>(610)</b>	<b>1,222</b>
Financial income	17	567	26	65	(626)	49
Financial expenses	(2)	(423)	(904)	(47)	626	(750)
<b>Net financial income (expenses)</b>	<b>15</b>	<b>144</b>	<b>(878)</b>	<b>18</b>	<b>—</b>	<b>(701)</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>440</b>	<b>144</b>	<b>479</b>	<b>68</b>	<b>(610)</b>	<b>521</b>
Income tax (expense) benefit	(2)	(22)	(34)	(23)	—	(81)
<b>Profit (loss) from continuing operations</b>	<b>438</b>	<b>122</b>	<b>445</b>	<b>45</b>	<b>(610)</b>	<b>440</b>
Profit (loss) from discontinued operations, net of income tax	(1)	—	(1)	—	1	(1)
<b>Profit (loss) for the year</b>	<b>437</b>	<b>122</b>	<b>444</b>	<b>45</b>	<b>(609)</b>	<b>439</b>
Total other comprehensive income (loss), net of income tax	257	—	253	92	(345)	257
<b>Total comprehensive income (loss) for the year</b>	<b>694</b>	<b>122</b>	<b>697</b>	<b>137</b>	<b>(954)</b>	<b>696</b>
<b>Profit (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	438	122	445	43	(610)	438
Equity holder of the Group - discontinued operations	(1)	—	(1)	—	1	(1)
Non-controlling interests	—	—	—	2	—	2
	<b>437</b>	<b>122</b>	<b>444</b>	<b>45</b>	<b>(609)</b>	<b>439</b>
<b>Total comprehensive income (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	695	122	698	135	(955)	695
Equity holder of the Group - discontinued operations	(1)	—	(1)	—	1	(1)
Non-controlling interests	—	—	—	2	—	2
	<b>694</b>	<b>122</b>	<b>697</b>	<b>137</b>	<b>(954)</b>	<b>696</b>

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**Condensed consolidating statement of financial position**

(In \$ million)	As of December 31, 2017					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
<b>Assets</b>						
Cash and cash equivalents	—	—	457	160	—	617
Trade and other receivables, net	—	—	93	1,043	—	1,136
Inventories	—	—	1,225	145	—	1,370
Inter-group receivables	—	717	25	—	(742)	—
Assets held for sale	—	—	3	141	—	144
Other assets	—	4	43	18	—	65
<b>Total current assets</b>	<b>—</b>	<b>721</b>	<b>1,846</b>	<b>1,507</b>	<b>(742)</b>	<b>3,332</b>
Investments in subsidiaries	1,407	—	1,125	—	(2,532)	—
Property, plant and equipment	—	—	2,601	322	—	2,923
Intangible assets	—	—	9,306	353	—	9,659
Inter-group receivables	9	6,763	1,609	149	(8,530)	—
Other assets	330	282	114	42	—	768
<b>Total non-current assets</b>	<b>1,746</b>	<b>7,045</b>	<b>14,755</b>	<b>866</b>	<b>(11,062)</b>	<b>13,350</b>
<b>Total assets</b>	<b>1,746</b>	<b>7,766</b>	<b>16,601</b>	<b>2,373</b>	<b>(11,804)</b>	<b>16,682</b>
<b>Liabilities</b>						
Trade and other payables	33	125	786	172	—	1,116
Borrowings	—	—	52	418	—	470
Inter-group payables	—	4	718	20	(742)	—
Liabilities directly associated with assets held for sale	—	—	—	34	—	34
Other liabilities	6	—	257	35	—	298
<b>Total current liabilities</b>	<b>39</b>	<b>129</b>	<b>1,813</b>	<b>679</b>	<b>(742)</b>	<b>1,918</b>
Borrowings	—	6,897	4,022	—	—	10,919
Inter-group liabilities	65	490	7,304	671	(8,530)	—
Other liabilities	—	66	2,055	72	—	2,193
<b>Total non-current liabilities</b>	<b>65</b>	<b>7,453</b>	<b>13,381</b>	<b>743</b>	<b>(8,530)</b>	<b>13,112</b>
<b>Total liabilities</b>	<b>104</b>	<b>7,582</b>	<b>15,194</b>	<b>1,422</b>	<b>(9,272)</b>	<b>15,030</b>
<b>Net assets</b>	<b>1,642</b>	<b>184</b>	<b>1,407</b>	<b>951</b>	<b>(2,532)</b>	<b>1,652</b>
<b>Equity</b>						
Equity attributable to equity holder of the Group	1,642	184	1,407	941	(2,532)	1,642
Non-controlling interests	—	—	—	10	—	10
<b>Total equity</b>	<b>1,642</b>	<b>184</b>	<b>1,407</b>	<b>951</b>	<b>(2,532)</b>	<b>1,652</b>

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**Condensed consolidating statement of cash flows**

(In \$ million)	For the year ended December 31, 2017					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
<b>Net cash from (used in) operating activities</b>	<b>(18)</b>	<b>(397)</b>	<b>1,245</b>	<b>(136)</b>	<b>146</b>	<b>840</b>
<b>Cash flows from (used in) investing activities</b>						
Acquisition of property, plant and equipment and intangible assets	—	—	(362)	(48)	—	(410)
Proceeds from sale of property, plant and equipment and other assets	—	—	5	—	—	5
Disposal of businesses, net of cash disposed	—	—	12	32	—	44
Net related party (advances) repayments	—	446	(413)	14	(47)	—
Related party interest received	—	131	15	—	(146)	—
Other	—	—	2	—	—	2
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>577</b>	<b>(741)</b>	<b>(2)</b>	<b>(193)</b>	<b>(359)</b>
<b>Cash flows from (used in) financing activities</b>						
Drawdown of borrowings	—	—	—	452	—	452
Repayment of borrowings	—	(445)	(336)	(440)	—	(1,221)
Net related party borrowings (repayments)	18	265	(459)	129	47	—
Payment of debt transaction costs	—	—	(6)	(4)	—	(10)
Other	—	—	(3)	(3)	—	(6)
<b>Net cash from (used in) financing activities</b>	<b>18</b>	<b>(180)</b>	<b>(804)</b>	<b>134</b>	<b>47</b>	<b>(785)</b>

**Reynolds Group Holdings Limited**  
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**Condensed consolidating statement of comprehensive income**

(In \$ million)	For the year ended December 31, 2016					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
Revenue	—	—	9,386	1,446	(186)	10,646
Cost of sales	—	—	(7,224)	(1,221)	186	(8,259)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>2,162</b>	<b>225</b>	<b>—</b>	<b>2,387</b>
Net other income (expenses) and share of equity method earnings, net of income tax	151	—	130	(64)	(289)	(72)
Selling, marketing and distribution expenses	—	—	(281)	(34)	—	(315)
General and administration expenses	—	—	(779)	(76)	—	(855)
<b>Profit (loss) from operating activities</b>	<b>151</b>	<b>—</b>	<b>1,232</b>	<b>51</b>	<b>(289)</b>	<b>1,145</b>
Financial income	17	813	29	58	(748)	169
Financial expenses	—	(724)	(1,041)	(25)	748	(1,042)
<b>Net financial income (expenses)</b>	<b>17</b>	<b>89</b>	<b>(1,012)</b>	<b>33</b>	<b>—</b>	<b>(873)</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>168</b>	<b>89</b>	<b>220</b>	<b>84</b>	<b>(289)</b>	<b>272</b>
Income tax (expense) benefit	(3)	(33)	(43)	(26)	—	(105)
<b>Profit (loss) from continuing operations</b>	<b>165</b>	<b>56</b>	<b>177</b>	<b>58</b>	<b>(289)</b>	<b>167</b>
Profit (loss) from discontinued operations, net of income tax	(6)	—	1	—	(1)	(6)
<b>Profit (loss) for the year</b>	<b>159</b>	<b>56</b>	<b>178</b>	<b>58</b>	<b>(290)</b>	<b>161</b>
Total other comprehensive income (loss), net of income tax	8	—	4	(85)	81	8
<b>Total comprehensive income (loss) for the year</b>	<b>167</b>	<b>56</b>	<b>182</b>	<b>(27)</b>	<b>(209)</b>	<b>169</b>
<b>Profit (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	165	56	177	56	(289)	165
Equity holder of the Group - discontinued operations	(6)	—	1	—	(1)	(6)
Non-controlling interests	—	—	—	2	—	2
	<b>159</b>	<b>56</b>	<b>178</b>	<b>58</b>	<b>(290)</b>	<b>161</b>
<b>Total comprehensive income (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	173	56	181	(29)	(208)	173
Equity holder of the Group - discontinued operations	(6)	—	1	—	(1)	(6)
Non-controlling interests	—	—	—	2	—	2
	<b>167</b>	<b>56</b>	<b>182</b>	<b>(27)</b>	<b>(209)</b>	<b>169</b>

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**Condensed consolidating statement of cash flows**

(In \$ million)	For the year ended December 31, 2016					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
<b>Net cash from (used in) operating activities</b>	<b>(46)</b>	<b>(727)</b>	<b>1,132</b>	<b>68</b>	<b>449</b>	<b>876</b>
<b>Cash flows from (used in) investing activities</b>						
Acquisition of property, plant and equipment and intangible assets	—	—	(286)	(38)	—	(324)
Proceeds from sale of property, plant and equipment and other assets	—	—	10	3	—	13
Disposal of businesses, net of cash disposed	—	—	149	—	—	149
Net related party (advances) repayments	—	1,811	(38)	4	(1,777)	—
Related party interest received	—	450	4	—	(449)	5
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>2,261</b>	<b>(161)</b>	<b>(31)</b>	<b>(2,226)</b>	<b>(157)</b>
<b>Cash flows from (used in) financing activities</b>						
Drawdown of borrowings	—	3,152	1,348	206	—	4,706
Repayment of borrowings	—	(4,774)	(1,450)	(115)	—	(6,339)
Net related party borrowings (repayments)	45	122	(1,824)	(120)	1,777	—
Payment of debt transaction costs	—	(34)	(76)	—	—	(110)
Other	—	—	(5)	(1)	—	(6)
<b>Net cash from (used in) financing activities</b>	<b>45</b>	<b>(1,534)</b>	<b>(2,007)</b>	<b>(30)</b>	<b>1,777</b>	<b>(1,749)</b>

**Reynolds Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

**26. Subsequent events**

There have been no events subsequent to December 31, 2018 which would require accrual or disclosure in these consolidated financial statements.

**Beverage Packaging Holdings I Limited**

**Consolidated financial statements for the year ended**

**December 31, 2018**

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# Beverage Packaging Holdings I Limited

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## Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors of Beverage Packaging Holdings I Limited:

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Beverage Packaging Holdings I Limited and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
**PricewaterhouseCoopers LLP**  
Chicago, Illinois USA  
February 13, 2019

We have served as the Company's auditor since 2009.

**Beverage Packaging Holdings I Limited**  
**Consolidated statements of comprehensive income**

(In \$ million)	Note	For the year ended December 31,		
		2018	2017	2016
Revenue		10,660	10,524	10,646
Cost of sales	*	(8,566)	(8,202)	(8,259)
<b>Gross profit</b>		<b>2,094</b>	<b>2,322</b>	<b>2,387</b>
Selling, marketing and distribution expenses	*	(264)	(277)	(315)
General and administration expenses	*	(697)	(745)	(855)
Net other income (expenses)	6	(257)	(59)	(45)
<b>Profit from operating activities</b>		<b>876</b>	<b>1,241</b>	<b>1,172</b>
Financial income	8	37	34	152
Financial expenses	8	(865)	(750)	(1,042)
<b>Net financial income (expenses)</b>		<b>(828)</b>	<b>(716)</b>	<b>(890)</b>
<b>Profit (loss) from continuing operations before income tax</b>		<b>48</b>	<b>525</b>	<b>282</b>
Income tax (expense) benefit	9	(40)	(80)	(103)
<b>Profit (loss) from continuing operations</b>		<b>8</b>	<b>445</b>	<b>179</b>
Profit (loss) from discontinued operations, net of income tax		—	(1)	1
<b>Profit (loss) for the year</b>		<b>8</b>	<b>444</b>	<b>180</b>
<b>Other comprehensive income (loss), net of income tax</b>				
<b>Items that may be reclassified into profit (loss)</b>				
Exchange differences on translating foreign operations		(51)	74	(70)
Reclassification from foreign currency translation reserve		23	27	—
<b>Items that will not be reclassified into profit (loss)</b>				
Remeasurement of defined benefit plans	16	22	154	74
<b>Total other comprehensive income (loss), net of income tax</b>		<b>(6)</b>	<b>255</b>	<b>4</b>
<b>Total comprehensive income (loss)</b>		<b>2</b>	<b>699</b>	<b>184</b>
<b>Profit (loss) attributable to:</b>				
Equity holder of the Group - continuing operations		6	443	177
Equity holder of the Group - discontinued operations		—	(1)	1
Non-controlling interests		2	2	2
		<b>8</b>	<b>444</b>	<b>180</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holder of the Group - continuing operations		—	698	181
Equity holder of the Group - discontinued operations		—	(1)	1
Non-controlling interests		2	2	2
		<b>2</b>	<b>699</b>	<b>184</b>

\* For information on expenses by nature, refer to notes 7, 8, 11, 12, 13, 16 and 22.

The consolidated statements of comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

**Beverage Packaging Holdings I Limited**  
**Consolidated statements of financial position**

(In \$ million)	Note	As of December 31,	
		2018	2017
<b>Assets</b>			
Cash and cash equivalents		783	617
Trade and other receivables, net	10	1,121	1,136
Inventories	11	1,411	1,370
Current tax assets	9	14	14
Assets held for sale		5	144
Derivatives	19	12	11
Other assets		82	40
<b>Total current assets</b>		<b>3,428</b>	<b>3,332</b>
Related party and other non-current receivables	10	111	88
Investments in associates and joint ventures		24	24
Deferred tax assets	9	28	32
Property, plant and equipment	12	3,021	2,923
Intangible assets	13	9,222	9,659
Derivatives	19	29	281
Other assets		78	79
<b>Total non-current assets</b>		<b>12,513</b>	<b>13,086</b>
<b>Total assets</b>		<b>15,941</b>	<b>16,418</b>
<b>Liabilities</b>			
Trade and other payables	14	1,139	1,092
Liabilities directly associated with assets held for sale		—	34
Borrowings	15	455	470
Current tax liabilities	9	24	39
Derivatives	19	18	2
Employee benefits	16	178	213
Provisions	17	43	39
<b>Total current liabilities</b>		<b>1,857</b>	<b>1,889</b>
Non-current payables	14	45	45
Borrowings	15	10,580	10,919
Deferred tax liabilities	9	922	1,014
Employee benefits	16	1,041	1,045
Provisions	17	80	89
<b>Total non-current liabilities</b>		<b>12,668</b>	<b>13,112</b>
<b>Total liabilities</b>		<b>14,525</b>	<b>15,001</b>
<b>Net assets</b>		<b>1,416</b>	<b>1,417</b>
<b>Equity</b>			
Share capital	18	2,188	2,188
Reserves		(1,753)	(1,759)
Retained profits		972	978
<b>Equity attributable to equity holder of the Group</b>		<b>1,407</b>	<b>1,407</b>
Non-controlling interests		9	10

**Total equity**

**1,416**

**1,417**

The consolidated statements of financial position should be read in conjunction with the notes to the consolidated financial statements.

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**Beverage Packaging Holdings I Limited**  
**Consolidated statements of changes in equity**

(In \$ million)	Note	Share capital	Translation of foreign operations	Other reserves <sup>(1)</sup>	Retained profits	Equity attributable to equity holder of the Group	Non-controlling interests	Total
Balance at the beginning of the year (January 1, 2016)		2,188	(464)	(1,557)	361	528	16	544
Total comprehensive income (loss) for the year:								
Profit (loss) after income tax		—	—	—	178	178	2	180
Remeasurement of defined benefit plans, net of income tax	16	—	—	74	—	74	—	74
Foreign currency translation reserve		—	(70)	—	—	(70)	—	(70)
<b>Total comprehensive income (loss) for the year</b>		<b>—</b>	<b>(70)</b>	<b>74</b>	<b>178</b>	<b>182</b>	<b>2</b>	<b>184</b>
Change upon sale of business		—	—	—	—	—	(7)	(7)
Dividends paid to non-controlling interests		—	—	—	—	—	(2)	(2)
<b>Balance as of December 31, 2016</b>		<b>2,188</b>	<b>(534)</b>	<b>(1,483)</b>	<b>539</b>	<b>710</b>	<b>9</b>	<b>719</b>
Balance at the beginning of the year (January 1, 2017)		2,188	(534)	(1,483)	539	710	9	719
Total comprehensive income (loss) for the year:								
Profit (loss) after income tax		—	—	—	442	442	2	444
Remeasurement of defined benefit plans, net of income tax	16	—	—	154	—	154	—	154
Foreign currency translation reserve		—	74	—	—	74	—	74
Reclassification of foreign currency translation reserve upon disposal of businesses		—	27	—	—	27	—	27
<b>Total comprehensive income (loss) for the year</b>		<b>—</b>	<b>101</b>	<b>154</b>	<b>442</b>	<b>697</b>	<b>2</b>	<b>699</b>
Change upon sale of business		—	—	3	(3)	—	—	—
Dividends paid to non-controlling interests		—	—	—	—	—	(1)	(1)
<b>Balance as of December 31, 2017</b>		<b>2,188</b>	<b>(433)</b>	<b>(1,326)</b>	<b>978</b>	<b>1,407</b>	<b>10</b>	<b>1,417</b>
Balance at the beginning of the year (January 1, 2018)		2,188	(433)	(1,326)	978	1,407	10	1,417
Total comprehensive income (loss) for the year:								
Profit (loss) after income tax		—	—	—	6	6	2	8
Remeasurement of defined benefit plans, net of income tax	16	—	—	22	—	22	—	22
Foreign currency translation reserve		—	(51)	—	—	(51)	—	(51)
Reclassification of foreign currency translation reserve upon disposal of businesses		—	23	—	—	23	—	23
<b>Total comprehensive income (loss) for the year</b>		<b>—</b>	<b>(28)</b>	<b>22</b>	<b>6</b>	<b>—</b>	<b>2</b>	<b>2</b>
Change upon sale of businesses		—	—	12	(12)	—	—	—

Dividends paid to non-controlling  
interests

	—	—	—	—	—	(3)	(3)
<b>Balance as of December 31, 2018</b>	<b>2,188</b>	<b>(461)</b>	<b>(1,292)</b>	<b>972</b>	<b>1,407</b>	<b>9</b>	<b>1,416</b>

- (1) Balances include the cumulative reduction in equity of \$1,561 million from common control transactions, with the remainder consisting of the cumulative remeasurement of defined benefit plans.

The consolidated statements of changes in equity should be read in conjunction with the notes to the consolidated financial statements.



**Beverage Packaging Holdings I Limited**  
**Consolidated statements of cash flows**

(In \$ million)	Note	For the year ended December 31,		
		2018	2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss)		8	444	180
Adjustments for:				
Depreciation and amortization		655	674	707
Asset impairment charges		240	45	45
Foreign currency adjustments		—	1	5
Change in fair value of derivatives		22	—	(18)
(Gain) loss on sale or disposal of businesses and other assets		(6)	15	3
Business disposal costs		—	(1)	(1)
Share of profit of associates and joint ventures, net of income tax		(3)	(2)	(3)
Net financial (income) expenses		828	716	890
Premium on extinguishment of borrowings		(3)	(11)	(122)
Interest paid		(619)	(644)	(909)
Income tax expense (benefit)		40	80	103
Income taxes paid, net of refunds received		(143)	(196)	(162)
Change in trade and other receivables		(3)	(110)	9
Change in inventories		(83)	(151)	(2)
Change in trade and other payables		49	9	18
Change in provisions and employee benefits		(3)	1	176
Change in other assets and liabilities		(6)	(12)	3
<b>Net cash from operating activities</b>		<b>973</b>	<b>858</b>	<b>922</b>
<b>Cash flows from (used in) investing activities</b>				
Acquisition of property, plant and equipment and intangible assets		(585)	(410)	(324)
Proceeds from sale of property, plant and equipment and other assets		21	5	13
Disposal of businesses, net of cash disposed		118	44	149
Related party loan advance	21	(23)	(18)	(45)
Other		6	2	5
<b>Net cash from (used in) investing activities</b>		<b>(463)</b>	<b>(377)</b>	<b>(202)</b>
<b>Cash flows used in financing activities</b>				
Drawdown of borrowings		—	452	4,706
Repayment of borrowings		(352)	(1,221)	(5,107)
Related party borrowings (repayments)		—	—	(1,232)
Payment of debt transaction costs		—	(10)	(110)
Other		(5)	(6)	(6)
<b>Net cash used in financing activities</b>		<b>(357)</b>	<b>(785)</b>	<b>(1,749)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>153</b>	<b>(304)</b>	<b>(1,029)</b>
Cash and cash equivalents, net of bank overdrafts, at the beginning of the year		617	932	1,976
Cash and cash equivalents classified as assets held for sale at the beginning of the year		20	3	—
Effect of exchange rate fluctuations on cash and cash equivalents		(7)	6	(12)
<b>Cash and cash equivalents as of December 31</b>		<b>783</b>	<b>637</b>	<b>935</b>
<b>Cash and cash equivalents are comprised of:</b>				

Cash and cash equivalents	783	617	932
Cash and cash equivalents classified as assets held for sale	—	20	3
<b>Cash and cash equivalents as of December 31</b>	<b>783</b>	<b>637</b>	<b>935</b>

## **Beverage Packaging Holdings I Limited**

### **Consolidated statements of cash flows**

#### **Significant non-cash financing and investing activities**

In February 2017, Reynolds Group Holdings Limited ("RGHL"), the immediate parent of the Company, and the Group refinanced their Credit Agreement as discussed further in note 15. The refinancing resulted in no actual cash flows other than the payment of fees, which is included above in payment of debt transaction costs. The principal amount outstanding at the time of the refinancing was \$3,583 million.

In August 2016, RGHL and the Group amended their credit agreement. The amount outstanding at the time of the amendment was \$2,454 million. The amendment was with the same financial institutions resulting in no actual cash flows other than the repayment of \$203 million of principal balance and the payment of fees, which is included above in payment of debt transaction costs.

The consolidated statements of cash flows should be read in conjunction with the notes to the consolidated financial statements.

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

**1. Reporting entity**

Beverage Packaging Holdings I Limited (the "Company") is a company domiciled in New Zealand and registered under the Companies Act 1993.

The consolidated financial statements of Beverage Packaging Holdings I Limited as of and for the year ended December 31, 2018 comprise the Company and its subsidiaries and their interests in associates and jointly controlled entities. Collectively, these entities are referred to as the "Group."

The Group is principally engaged in the manufacture and supply of consumer food and beverage packaging and storage products, primarily in North America, Asia, Europe and South America.

The address of the registered office of the Company is c/o: Rank Group Limited, Level 9, 148 Quay Street, Auckland 1010, New Zealand.

**2. Basis of preparation**

**2.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the Board of Directors (the "Directors") on February 13, 2019 in Chicago, Illinois (February 14, 2019 in Auckland, New Zealand).

**2.2 Going concern**

The consolidated financial statements have been prepared using the going concern assumption.

**2.3 Basis of measurement**

The consolidated financial statements have been prepared under the historical cost convention except for:

- certain components of inventory which are measured at net realizable value;
- defined benefit pension plan liabilities and post-employment medical plan liabilities which are measured under the projected unit credit method; and
- certain assets and liabilities, such as derivatives, which are measured at fair value.

Information disclosed in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the current year is for the twelve month period ended December 31, 2018. Information for the comparative years is for the twelve month periods ended December 31, 2017 and December 31, 2016.

**2.4 Presentation currency**

These consolidated financial statements are presented in U.S. dollars ("\$"), which is the Group's presentation currency.

**2.5 Use of estimates and judgements**

The preparation of the consolidated financial statements requires the Directors and management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Information about the areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is described in note 4.

**3. Significant accounting policies**

Except as detailed in note 3.15, the accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements by all Group entities.

**3.1 Basis of consolidation**

**(a) Subsidiaries**

Subsidiaries are entities controlled by the parent of the Group. Control is achieved when the parent of the Group: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns from the investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there have been changes to one or more of these three elements of control. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, including the fair value of any contingent consideration and share-based payment awards (as measured in accordance with IFRS 2 "Share Based Payments") of the acquiree that are mandatorily replaced as a result of the transaction. Transaction costs that the Group incurs in connection with an acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are initially recognized at their proportionate share of the fair value of the net assets acquired.

During the measurement period, an acquirer can report provisional information for a business combination if by the end of the reporting period in which the combination occurs the accounting is incomplete. The measurement period, however, ends at the earlier of when the acquirer has received all of the necessary information to determine the fair values or one year from the date of the acquisition.

**(b) Joint ventures and associates**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting.

**(c) Transactions between entities under common control**

Common control transactions arise between entities that are under the ultimate ownership of the common sole shareholder, Mr. Graeme Hart.

Acquisitions of businesses under common control are accounted for as follows:

- predecessor value method requires the financial statements to be prepared using predecessor book values without any step up to fair values;
- premium or discount on acquisition is calculated as the difference between the total consideration paid and the book value of the share capital of the acquired entity, and is recognized directly in equity as a component of a separate reserve; and
- the results of operations and cash flows of the acquired entity are included on a restated basis in the financial statements from the date that common control originally commenced (i.e., from the date the business was acquired by Mr. Graeme Hart) as though the entities had always been combined from the common control date forward.

**(d) Transactions eliminated on consolidation**

Intra-group balances and unrealized items of income and expense arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

**(e) Transactions with non-controlling interests**

The Group accounts for transactions with non-controlling interests as transactions with the equity owner of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**3.2 Foreign currency**

**(a) Functional currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is New Zealand dollars ("NZ\$").

**(b) Foreign currency transactions**

Foreign currency transactions are converted into the functional currency of the entity using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the respective entities at the exchange rate at that date.

Foreign currency transactional gains or losses are recognized in the statement of comprehensive income as a component of profit or loss, unless the underlying transaction is recognized directly in equity.

**(c) Foreign currency translations**

The results of operations and financial position of those entities that have a functional currency different from the presentation currency of the Group are translated into the Group's presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the reporting date of the statement of financial position;
- (ii) income and expense items for each profit or loss item are translated at average exchange rates;

- (iii) items of other comprehensive income are translated at average exchange rates; and
- (iv) all resulting exchange differences are recognized as a separate component of equity.



**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized as a component of equity and included in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income as part of the gain or loss on the sale.

**(d) Significant exchange rates**

The following significant exchange rates applied during the year:

	Average rate for the year ended December 31,			As of December 31,	
	2018	2017	2016	2018	2017
1 €	1.18	1.13	1.11	1.14	1.19
10 MXN	0.52	0.53	0.54	0.51	0.51
1 NZ\$	0.69	0.71	0.70	0.67	0.71
1 CA\$	0.77	0.77	0.75	0.73	0.80

**3.3 Non-derivative financial instruments**

Non-derivative financial instruments are comprised of cash and cash equivalents, trade and other receivables, trade and other payables and interest bearing borrowings.

A non-derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Non-derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognized initially at fair value, plus any directly attributable transaction costs for instruments not at fair value through profit or loss. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to offset exists and the Group intends to either settle the instrument net or realize the asset and liability simultaneously.

Upon initial acquisition the Group classifies its financial instruments in one of the following categories, which is dependent on the purpose for which the financial instruments were acquired or assumed.

**(a) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of less than three months. Bank overdrafts are included in borrowings and are classified as current liabilities in the statement of financial position except if repayable on demand, in which case they are included separately as a component of current liabilities. In the statement of cash flows, bank overdrafts are included as a component of cash and cash equivalents.

**(b) Loans and receivables**

The Group's loans and receivables are comprised of trade and other receivables (including related party receivables) which are stated at their cost less provision for impairment.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Given the short-term nature of trade receivables the carrying amount is a reasonable approximation of fair value.

**(c) Other liabilities**

Other liabilities are comprised of all non-derivative financial liabilities that are not disclosed as liabilities at fair value through profit or loss. Other liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The Group's other liabilities are comprised of trade and other payables and interest bearing borrowings, including those with related parties. The Group's other liabilities are measured as follows:

**(i) Trade and other payables**

Subsequent to initial recognition trade and other payables are stated at amortized cost using the effective interest method.

**(ii) Interest bearing borrowings including related party borrowings**

On initial recognition, borrowings are stated at fair value less transaction costs that are directly attributable to borrowings. Subsequent to initial recognition interest bearing borrowings are stated at amortized cost. Any difference between the amortized cost and

the redemption value is recognized in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated by discounting the future contractual cash flows at the current market interest rates that are available for similar financial instruments.

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

**3.4 Derivative financial instruments**

A derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of an instrument at the trade date.

All derivatives are recognized at fair value based on a valuation model which includes consideration of credit risk, where applicable, and discounts the estimated future cash flows based on the terms and maturity of each contract using forward curves and market interest rates at the reporting date. Transaction costs are expensed as incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognized in the statement of comprehensive income as a component of profit or loss unless the derivative financial instrument qualifies for hedge accounting, and the Group elects to apply hedge accounting.

Derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to offset exists.

Derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the instrument expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Embedded derivatives are separated from the host contract and accounted for separately if the following conditions are met:

- (i) the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (iii) the combined instrument is not measured at fair value through profit or loss.

At the time of initial recognition of the embedded derivative an equal adjustment is also recognized against the host contract. The adjustment against the host contract is amortized over the remaining life of the host contract using the effective interest method.

Any embedded derivatives that are separated are measured at fair value with changes in fair value recognized through net financial expenses in the statement of comprehensive income as a component of profit or loss.

**3.5 Inventories**

**(a) Raw materials, work in progress and finished goods**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

**(b) Engineering and maintenance materials**

Engineering and maintenance materials (representing either critical or long order components) are measured at the lower of cost and net realizable value. The cost of these inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is determined with reference to the cost of replacement of such items in the ordinary course of business compared to the current market prices.

**3.6 Property, plant and equipment**

**(a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Property, plant and equipment acquired in a business combination is recorded at fair value, which is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of property, plant and equipment, which is determined by management, is based on the quoted market prices for similar items where available or based on the assessment of appropriately qualified independent valuers.

**(b) Assets under construction**

Assets under construction are transferred to the appropriate asset category when they are ready for their intended use. Assets under construction are not depreciated but tested for impairment at least annually or when there is an indication of impairment.

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**(c) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as a component of profit or loss as incurred.

**(d) Depreciation**

Land is not depreciated. Depreciation on other assets is recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives for the material classes of property, plant and equipment are as follows:

- Buildings 20 to 50 years
- Plant and equipment 3 to 25 years
- Furniture and fixtures 3 to 20 years

Depreciation methods, useful lives and residual values are reassessed on an annual basis.

Gains and losses on the disposal of items of property, plant and equipment are determined by comparing the proceeds at the time of disposal with the net carrying amount of the asset.

**3.7 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in borrowings as a finance lease obligation. Subsequent to initial recognition the liability is accounted for at amortized cost using the effective interest method and the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges which are recognized in the statement of comprehensive income as a component of profit or loss are allocated to each period during the lease term so as to reflect a constant rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the periods in which the payments are incurred.

Payments made under operating leases are recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the terms of the lease, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent lease payments arising under operating leases are recognized as an expense in the period in which the payments are incurred. Presently, all payments under operating leases are recognized on a straight-line basis over the term of the lease in the statement of comprehensive income.

In the event that lease incentives are received to enter into an operating lease, such incentives are deferred and recognized as a liability. The aggregated benefits of the lease incentives are amortized as a reduction to the lease expenses on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**3.8 Intangible assets**

**(a) Goodwill**

Goodwill arises on the acquisition of subsidiaries and business operations and is recognized at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest in the acquiree over the fair value of the identifiable net assets recognized. Goodwill is allocated to the operations that are expected to benefit from the business combination in which the goodwill arose after the allocation of purchase consideration is finalized.

Goodwill is not amortized. Goodwill is measured at cost less accumulated impairment losses and is tested at least annually for impairment. Goodwill is monitored for impairment testing at the segment level, which is the lowest level within the Group at which goodwill is monitored for internal management purposes.

**(b) Trademarks**

Trademarks are measured at cost less accumulated amortization and accumulated impairment losses. Trademarks acquired in a business combination are initially measured at fair value based on the discounted estimated royalty payments that have been avoided as a result of owning the trademark. Certain acquired trademarks are considered indefinite life intangible assets as they represent the value accumulated in the brand which is expected to continue indefinitely into the future and are recognized at cost less accumulated impairment losses.



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**(c) Customer relationships**

Customer relationships represent the value attributable to purchased long-standing business relationships which have been cultivated over the years with customers. Customer relationships acquired in a business combination are initially recognized at fair value based on the discounted cash flows expected to be derived from the relationship. Customer relationships are amortized using the straight-line method over the estimated remaining useful lives of the relationships, which are based on customer attrition rates and projected cash flows.

**(d) Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technological knowledge and understanding, is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technologically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. Intangible assets arising from development activities are measured at cost less accumulated amortization and accumulated impairment losses. Other development expenditure that does not qualify for capitalization is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

**(e) Other intangible assets**

Other intangible assets comprise permits, software, technology and patents. Other intangible assets that have finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Other intangible assets that have indefinite useful lives are carried at cost less accumulated impairment losses.

**(f) Subsequent costs**

Subsequent costs with respect to intangible assets are capitalized only when the expenditure increases the future economic benefits embodied in the specific asset to which the expenditure relates and it can be reliably measured. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

**(g) Amortization**

Amortization is recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life intangibles, from the date that the intangible assets are available for use.

The estimated useful lives for the material classes of amortizable intangible assets are as follows:

- Trademarks 5 to 15 years
- Customer relationships 6 to 25 years
- Software/technology 3 to 15 years
- Patents 5 to 14 years

**3.9 Impairment**

The carrying amounts of the Group's assets are reviewed regularly and at least annually to determine whether there is any objective evidence of impairment. An impairment loss is recognized whenever the carrying amount of an asset, cash generating unit ("CGU") or group of CGUs exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognized in the statement of comprehensive income as a component of profit or loss.

**(a) Impairment of loans and receivables**

The Group's loans and receivables that are carried at amortized cost are assessed for impairment using the present value of estimated future cash flows. Long duration receivables are discounted using their original effective interest rate, while short duration receivables are not discounted.

Impairment is assessed on all instruments that are considered individually significant, based on that specific instrument's exposure. For trade receivables that are not individually significant, impairment is assessed on a portfolio basis, utilizing historical loss experiences on similarly aged portfolios.

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency with respect to interest or principal repayment; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio.

**(b) Non-financial assets**

The carrying amounts of the Group's non-financial assets, including goodwill and indefinite life intangible assets, are reviewed at least annually to determine whether there is any indication of impairment. If any such indicators exist then the asset's or CGU's recoverable amount is estimated.



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For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amounts are estimated at least annually and whenever there is an indication that they may be impaired.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the statement of comprehensive income as a component of profit or loss. Impairment losses recognized with respect to a segment are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other non-financial assets in the CGU on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In assessing the fair value less costs to dispose for goodwill and certain trademarks, the forecasted future Adjusted EBITDA (as defined in note 5) to be generated by the asset or segment being assessed is multiplied by a relevant market indexed multiple ("earnings multiple"). The fair value less cost to dispose of the Reynolds® and Hefty® trademarks is first evaluated at the trademark level using the relief from royalty method. If no indication of impairment is identified, no further measurement is required. If the relief from royalty method indicates a possible impairment, the trade name is tested at the branded CGU level. Fair value at the branded CGU level would be determined based on estimated future cash flows that are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

Indefinite life intangible assets other than goodwill and the Reynolds® and Hefty® trademarks discussed above consist primarily of the Graham Packaging trademark and permits associated with various production plants. The fair value less cost to dispose for other indefinite life intangible assets are evaluated at the applicable CGU level.

With respect to assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's revised carrying amount will not exceed the net carrying amount that would have been determined if no impairment loss had been recognized.

**3.10 Assets and liabilities classified as held for sale and discontinued operations**

**(a) Assets and liabilities classified as held for sale**

Assets (or disposal groups comprised of assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. They are stated at the lower of carrying amount and fair value less costs to dispose. Upon reclassification the Group ceases to depreciate or amortize non-current assets classified as held for sale. Impairment losses on initial classification of an asset to being held for sale and subsequent gains or losses on remeasurement are recognized in the statement of comprehensive income as a component of profit or loss. Gains are not recognized in excess of any prior cumulative impairment losses.

**(b) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary or business acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is revised as if the operation had been discontinued from the start of the earliest comparative period.

**3.11 Employee benefits**

**(a) Pension obligations**

The Group operates various defined contribution and defined benefit plans.

**(i) Defined contribution plans**

A defined contribution plan is a plan under which the employee and the Group pay fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions in relation to an employee's service in the current and prior years. The Group's contributions are recognized in the statement of comprehensive income as a component of profit or loss as incurred.

**(ii) Defined benefit plans**

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The Group's net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits that employees have earned in return for their service in the current and prior years. These benefits are then discounted to determine the present value of the Group's obligations. The discount rate used is the yield on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The Group's net obligation is then determined with reference to the fair value of the plan assets (if any). The calculations are performed by qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability, which include actuarial gains and losses and the return on plan assets (excluding calculated interest) are recognized in the period of remeasurement in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined

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benefit obligation at the beginning of the annual period to the beginning net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other plan expenses are recognized in profit or loss.

Past service costs are recognized as an expense in profit or loss at the earlier of the plan amendment or curtailment, or when the related restructuring or termination benefits are recognized.

The Group also participates in a limited number of multi-employer pension plans. To the extent that sufficient information is not available to use defined benefit plan accounting, the Group accounts for its participation in the multi-employer plan as if it were a defined contribution plan.

**(b) Short-term employee benefits**

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of comprehensive income as a component of profit or loss as the related services are provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

**(c) Post-employment medical plans**

In certain jurisdictions the Group sponsors a number of defined benefit medical plans for certain existing employees and retirees. Typically these plans are unfunded and define a level of medical care that the individual will receive.

The Group's net obligation is calculated separately for each plan by estimating the current and future use of these services by eligible employees and the current and expected future medical costs associated with such services, which are discounted to determine their present value. The discount rate used is the yield on bonds that are denominated in the currency and jurisdiction in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed by qualified actuaries using the projected unit credit method with the use of mortality tables published by government agencies.

Past service costs are recognized in the statement of comprehensive income as a component of profit or loss in the current year.

**(d) Termination benefits**

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

**3.12 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision for the passage of time is recognized in financial expenses in the statement of comprehensive income as a component of profit or loss.

**(a) Legal**

The Group is subject to litigation in the ordinary course of operations. Provisions for legal claims are recognized when estimated costs associated with settling current legal proceedings are considered probable. Provisions may include estimated legal and other fees associated with settling these claims.

**(b) Restructuring**

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Business closure and rationalization provisions can include such items as employee severance or termination pay, site closure costs and onerous leases. No provision is made for future operating costs.

**(c) Asset retirement obligations**

A provision for decommissioning costs is recognized when the Group has an obligation to fulfill certain requirements upon the disposal of particular assets.

**3.13 Self-insured employee obligations**

**(a) Self-insured employee workers' compensation**

The Group is self-insured with respect to its workers' compensation obligations in the United States. As a component of its self-insured status the Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2018, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in provisions.



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**(b) Self-insured employee health insurance**

The Group is self-insured for certain employee health insurance. The Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2018, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in employee benefits.

**3.14 Equity**

**(a) Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

**(b) Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currencies to the Group's presentation currency.

**(c) Other reserves**

The other reserves comprise balances resulting from transactions between entities under common control and remeasurement gains and losses arising on defined benefit plans.

In accordance with the Group's accounting policy for transactions between entities under common control (refer to note 3.1(c)), the Group has recognized in other reserves the difference between the total consideration paid for the businesses acquired and the book value of the share capital of the parent companies acquired for the transactions which occurred on November 5, 2009, May 4, 2010 and September 1, 2010.

**3.15 Revenue**

**(a) Revenue recognition for the year ended December 31, 2018**

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers." IFRS 15 contains a revised revenue recognition framework which provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised products or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those products or services. In accordance with the transition provisions in IFRS 15, the Group has elected to adopt the new rules using the modified retrospective method, in which case the cumulative effect of applying the standard is to be recognized at the date of initial application. Accordingly, the cumulative effect was recognized as of January 1, 2018. The Group elected to apply this method to all contracts that were not completed at the date of initial application. The adoption resulted in changes in accounting policies and immaterial adjustments to the amounts recognized in the financial statements, including the cumulative impact to retained earnings at January 1, 2018 as well as the results for the year ended December 31, 2018.

The Group manufactures and sells a range of consumer food, beverage and food service packaging products. The Group enters into a variety of arrangements with customers, including pricing arrangements and master supply arrangements, which outline the terms under which the Group does business with a specific customer. The Group also sells to some customers solely based on purchase orders. The Group has concluded that for the vast majority of its revenue, its contracts with customers are either a purchase order or the combination of a purchase order with a master supply arrangement.

Revenue is recognized for these arrangements over time or at a point in time depending on the Group's evaluation of when the customer obtains control of the promised products or services. Revenue from customer products which have no alternative use, for which an enforceable right to payment exists, is recognized over time due to the continuous transfer of control to the customer. This continuous transfer of control to the customer is supported by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience or by contractual termination clauses, and requires that the customer pay the Group for costs incurred plus a reasonable profit. Therefore, the Group will recognize revenue earlier for these arrangements, such that a portion of revenue will be recognized prior to the delivery of these products. All other revenue is recognized at a point in time, which is typically on delivery. All revenue is recognized net of any related rebates, discounts and tax. Refer to note 5 for additional information on disaggregated revenue.

The nature of the Group's contracts gives rise to several types of variable consideration. The recognition of revenue is dependent on the terms of the individual arrangements of a sale. In arriving at net revenue, the Group estimates the amount of deductions from revenue that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts. In addition, in certain businesses, the Group participates in customer pricing programs that provide price discounts to the ultimate end-users of the Group's products in the form of redeemable coupons. The Group's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of anticipated performance and all information reasonably available to the Group, including historical and current market trends which are affected by seasonality and competitiveness of promotional programs being offered. Accumulated experience is used to estimate and provide for the expected value of these discounts. The Group includes estimated amounts in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates are reviewed quarterly for possible revisions. In the event that future revenue deduction trends vary significantly from past or expected trends, reported revenue may increase or decrease by a material amount.

For arrangements that include multiple performance obligations, the Group allocates revenue to each performance obligation based on estimates of the price that would be charged to the customer for each promised product or service if it were sold on a standalone basis. The durations for

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these arrangements are short-term, not exceeding one year. The Group has elected to apply the practical expedients not to disclose additional information about its remaining performance obligations.

The Group does not have any material contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group does not incur any significant costs to obtain a contract.

**(b) Revenue recognition for the years ended December 31, 2017 and 2016**

Revenue consists primarily of the sale of goods and is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, volume rebates and other customer incentives. Revenue is recognized when the significant risks and rewards of ownership have been substantially transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards of ownership vary depending on the individual terms of the contract of sale and occur either upon shipment of the goods or upon receipt of the goods and/or their installation at a customer location.

**3.16 Financial income and expenses**

Financial income is comprised of interest income, foreign currency gains and gains on derivative financial instruments in respect of financing activities that are recognized in the statement of comprehensive income as a component of profit or loss. Interest income is recognized as it accrues using the effective interest method.

Financial expenses are comprised of interest expense, amortization of capitalized transaction costs, foreign currency losses, losses on early extinguishment of debt, borrowing costs not qualifying for capitalization and losses on derivative financial instruments with respect to financing activities that are recognized in the statement of comprehensive income as a component of profit or loss.

**3.17 Income tax**

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of comprehensive income as a component of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized with the associated items on a net basis.

Current tax is the expected tax payable (refundable) on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable (refundable) with respect to previous years.

Deferred tax is recognized using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized when the Group considers it more likely than not that the deferred tax asset will be recoverable. In determining if a deferred tax asset is recoverable, the Group considers the adequacy of future taxable income, including the reversal of taxable temporary differences, forecasted earnings, and available tax planning strategies. The recoverability of deferred tax assets is reviewed at each reporting date.

Deferred income tax assets and liabilities of the same taxing jurisdiction are netted in the consolidated statement of financial position only to the extent that there is a legally enforceable right to offset current tax assets and current tax liabilities, the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxing authority and are expected to be settled on a net basis or realized simultaneously.

For subsidiaries in which the earnings are not considered to be permanently reinvested, the additional tax consequences of future dividend distributions are provided for in the consolidated statement of financial position.

**3.18 Sales tax, value added tax and goods and services tax**

All amounts (including cash flows) are shown exclusive of sales tax, value added tax ("VAT") and goods and services tax ("GST") to the extent the taxes are reclaimable, except for receivables and payables that are stated inclusive of sales tax, VAT and GST.

**3.19 New and revised accounting standards and interpretations**

**(a) Interpretations and amendments to existing standards effective in 2018**

There have been no other interpretations or amendments to existing standards effective in 2018 that have an impact on the Group's financial statements.





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**(b) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group**

The following standards and amendments to existing standards are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these consolidated financial statements:

In February 2018, the IASB issued an amendment to IAS 19, "Employee Benefits." This amendment requires an entity to: (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognize in profit or loss as part of past service costs, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment is applied prospectively to plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period beginning on or after January 1, 2019. The adoption of this amendment is not expected to have an impact on the Group's consolidated financial statements.

In June 2017, the IASB issued IFRIC Interpretation 23, "Uncertainty over Income Tax Treatments." IFRIC 23 is to be applied while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. The interpretation is effective for annual periods beginning on or after January 1, 2019, although early adoption is permitted. The adoption of this interpretation is not expected to have a material impact on the Group's consolidated financial statements.

In January 2016, the IASB issued IFRS 16 "Leases." The new standard supersedes IAS 17 "Leases" and related interpretations, and its objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model whereby a lessee is required to record a right-of-use asset and a lease liability for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and the subsequent depreciation of the right-of-use asset over the lease term. In addition, IFRS 16 replaces a portion of the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019. The Group will adopt IFRS 16 effective January 1, 2019 using a modified retrospective method and will not restate comparative periods. The Group is electing the practical expedients available under the transition guidance, which, among other things, allows a recognition exemption for short term and low value leases and the use of hindsight. Upon adoption, the Group expects to record right-of-use assets and lease liabilities in the range of approximately \$348 million to \$426 million, representing the present value of future lease payments with terms of greater than 12 months. While the Group is substantially complete with the implementation efforts, IFRS 16 also requires expanded disclosure regarding the amounts, timing and uncertainties of cash flows related to the Group's lease portfolio. The Group is evaluating these disclosure requirements and is incorporating the collection of relevant data into its processes in preparation for disclosure in 2019.

**4. Critical accounting estimates and assumptions**

In the process of applying the Group's accounting policies management has made certain estimates and assumptions about the carrying amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The key assumptions concerning the future and other key sources of uncertainty with respect to estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are as follows:

**4.1 Impairment of assets**

**(a) Goodwill and indefinite life intangible assets**

Determining whether goodwill is impaired requires estimation of the recoverable values of a segment, which is the lowest level within the Group at which goodwill is monitored for internal management purposes. Determining whether indefinite life intangible assets are impaired requires estimation of the recoverable values of a CGU or group of CGUs to which these assets have been allocated. Recoverable values have been based on the higher of fair value less costs to dispose and value in use (as appropriate for the asset being reviewed). Significant judgment is involved with estimating the fair value of a segment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the segment and a suitable discount rate in order to calculate present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets, the assumptions used in impairment testing and an impairment charge recorded at Graham Packaging in the current year are provided in note 13.

**(b) Other assets**

Other assets, including property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A change in the Group's intended use of certain assets, such as a decision to rationalize manufacturing locations, may trigger a future impairment.

**4.2 Income taxes**

Determining the Group's worldwide income tax provision and income tax liability requires significant judgment and the use of accounting estimates and assumptions, some of which are highly uncertain. Each taxing jurisdiction's laws are complex and subject to differing interpretations by the taxpayer and the respective taxing authorities. Significant judgment is required in evaluating the Group's tax positions, including evaluating uncertainties. To the extent actual results differ from these estimates in future periods and depending on the tax strategies that the Group may implement, the Group's financial position may be directly affected.



# **Beverage Packaging Holdings I Limited**

## **Notes to the consolidated financial statements**

### **For the year ended December 31, 2018**

#### **4.3 Realization of deferred tax assets**

Deferred tax assets represent deductions available to reduce taxable income in future years. The Group evaluates the recoverability of deferred tax assets by assessing the adequacy of future taxable income, including reversal of taxable temporary differences, forecasted earnings and available tax planning strategies. The forecasts of future taxable income rely heavily on the use of estimates. The Group recognizes deferred tax assets when the Group considers it more likely than not that the deferred tax asset will be recoverable.

#### **4.4 Measurement of obligations under defined benefit plans**

The Group operates a number of defined benefit pension plans. Amounts recognized under these plans are determined using actuarial methods. These actuarial valuations involve assumptions regarding discount rates, expected salary increases and life expectancy. These assumptions are reviewed at least annually and reflect estimates as of the measurement date.

Any change in these assumptions will impact the amounts reported in the statements of financial position, as well as net pension expense or income that may be recognized in future years.

#### **4.5 Promotional and trade allowances**

In arriving at net sales, the Group estimates the amount of deductions from sales that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts for consumer programs. In addition, in certain of its businesses, the Group pays slotting fees and participates in customer pricing programs that provide price discounts to the ultimate end-users of its products in the form of redeemable coupons. Estimates for each of these programs are based on historical and current market trends which are affected by the business seasonality and competitiveness of promotional programs being offered. Estimates are reviewed quarterly for possible revisions.

### **5. Segment reporting**

The Group's reportable business segments are as follows:

- Reynolds Consumer Products — Reynolds Consumer Products is a manufacturer of branded and store branded consumer products such as aluminum foil, wraps, waste bags, food storage bags and disposable tableware and cookware.
- Pactiv Foodservice — Pactiv Foodservice is a manufacturer of foodservice and food packaging products. Pactiv Foodservice offers a comprehensive range of products including tableware items, takeout service containers, clear rigid-display packaging, microwaveable containers, foam trays, dual-ovenable paperboard containers, cups and lids, molded fiber and plastic egg cartons, meat and poultry trays, absorbent tray pads, plastic film and aluminum containers.
- Graham Packaging — Graham Packaging is a designer and manufacturer of value-added, custom blow-molded plastic containers for consumer products.
- Evergreen — Evergreen is a vertically integrated manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk end-markets. Evergreen supplies integrated fresh carton packaging systems, which can include fresh cartons, spouts and filling machines. Evergreen produces liquid packaging board for its internal requirements and to sell to other manufacturers. Evergreen also produces paper products for commercial printing.
- Closures — Closures is a manufacturer of plastic and aluminum beverage caps, closures and high speed rotary capping equipment, primarily serving the carbonated soft drink, non-carbonated soft drink and bottled water segments of the global beverage market.

The Chief Operating Decision Maker does not review the business activities of the Group based on geography.

The accounting policies applied by each segment are the same as the Group's accounting policies. Results from operating activities represent the profit earned by each segment without allocation of central administrative revenues and expenses, financial income and expenses, and income tax benefit or expense.

The performance of the operating segments is assessed by the Chief Operating Decision Maker based on Adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense or benefit, net financial income or expenses, depreciation and amortization, adjusted to exclude certain items of a significant or unusual nature, including but not limited to acquisition costs, non-cash pension income or expense, restructuring costs, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write-downs and equity method profit not distributed in cash.

Segment assets and liabilities exclude intercompany balances as a result of trade and borrowings between the segments. Corporate/unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions between segments.

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
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**Business segment reporting**

(In \$ million)	For the year ended December 31, 2018						Total
	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	
Total external revenue	2,980	3,267	2,087	1,504	822	—	10,660
Total inter-segment revenue	164	511	—	99	39	(813)	—
<b>Total segment revenue</b>	<b>3,144</b>	<b>3,778</b>	<b>2,087</b>	<b>1,603</b>	<b>861</b>	<b>(813)</b>	<b>10,660</b>
Gross profit	849	606	265	233	142	(1)	2,094
Expenses and other income	(289)	(293)	(404)	(65)	(59)	(108)	(1,218)
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>560</b>	<b>313</b>	<b>(139)</b>	<b>168</b>	<b>83</b>	<b>(109)</b>	<b>876</b>
Financial income							37
Financial expenses							(865)
<b>Profit (loss) from continuing operations before income tax</b>							<b>48</b>
Income tax (expense) benefit							(40)
<b>Profit (loss) from continuing operations</b>							<b>8</b>
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>560</b>	<b>313</b>	<b>(139)</b>	<b>168</b>	<b>83</b>	<b>(109)</b>	<b>876</b>
Depreciation and amortization from continuing operations	83	204	253	63	52	—	655
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</b>	<b>643</b>	<b>517</b>	<b>114</b>	<b>231</b>	<b>135</b>	<b>(109)</b>	<b>1,531</b>

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

For the year ended December 31, 2018							
(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>643</b>	<b>517</b>	<b>114</b>	<b>231</b>	<b>135</b>	<b>(109)</b>	<b>1,531</b>
Included in EBITDA:							
Asset impairment charges, net of reversals	—	7	229	—	4	—	240
(Gain) loss on sale or disposal of businesses and non-current assets	—	23	—	—	(31)	—	(8)
Non-cash pension expense	—	—	—	—	—	56	56
Operational process engineering-related consultancy costs	—	14	—	—	—	—	14
Related party management fee	—	—	—	—	—	8	8
Restructuring costs, net of reversals	—	2	7	—	8	—	17
Unrealized (gain) loss on derivatives	14	6	—	2	—	—	22
Other	(5)	—	(1)	(3)	—	1	(8)
<b>Adjusted EBITDA from continuing operations</b>	<b>652</b>	<b>569</b>	<b>349</b>	<b>230</b>	<b>116</b>	<b>(44)</b>	<b>1,872</b>
<b>Segment assets (excluding intercompany balances)</b>	<b>4,108</b>	<b>4,702</b>	<b>3,958</b>	<b>1,129</b>	<b>994</b>	<b>1,050</b>	<b>15,941</b>
Included in segment assets are:							
Additions to property, plant and equipment	82	243	130	65	40	5	565
Additions to intangible assets	1	16	2	—	—	3	22
<b>Segment liabilities (excluding intercompany balances)</b>	<b>593</b>	<b>880</b>	<b>705</b>	<b>371</b>	<b>235</b>	<b>11,741</b>	<b>14,525</b>

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**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

For the year ended December 31, 2017

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,807	3,237	2,147	1,448	885	—	10,524
Total inter-segment revenue	152	492	—	114	16	(774)	—
<b>Total segment revenue</b>	<b>2,959</b>	<b>3,729</b>	<b>2,147</b>	<b>1,562</b>	<b>901</b>	<b>(774)</b>	<b>10,524</b>
Gross profit	853	721	323	276	155	(6)	2,322
Expenses and other income	(283)	(319)	(188)	(79)	(103)	(109)	(1,081)
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>570</b>	<b>402</b>	<b>135</b>	<b>197</b>	<b>52</b>	<b>(115)</b>	<b>1,241</b>
Financial income							34
Financial expenses							(750)
<b>Profit (loss) from continuing operations before income tax</b>							<b>525</b>
Income tax (expense) benefit							(80)
<b>Profit (loss) from continuing operations</b>							<b>445</b>
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>570</b>	<b>402</b>	<b>135</b>	<b>197</b>	<b>52</b>	<b>(115)</b>	<b>1,241</b>
Depreciation and amortization from continuing operations	86	205	257	59	66	1	674
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</b>	<b>656</b>	<b>607</b>	<b>392</b>	<b>256</b>	<b>118</b>	<b>(114)</b>	<b>1,915</b>

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**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

For the year ended December 31, 2017

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>656</b>	<b>607</b>	<b>392</b>	<b>256</b>	<b>118</b>	<b>(114)</b>	<b>1,915</b>
Included in EBITDA:							
Asset impairment charges, net of reversals	—	36	7	—	2	—	45
Non-cash pension expense, net of settlement gain	—	—	—	—	—	58	58
Operational process engineering-related consultancy costs	3	12	—	—	—	—	15
Related party management fee	—	—	—	—	—	9	9
Restructuring costs, net of reversals	5	8	4	2	4	—	23
Unrealized (gain) loss on derivatives	(4)	2	—	1	1	—	—
Other	—	12	(6)	(1)	6	2	13
<b>Adjusted EBITDA from continuing operations</b>	<b>660</b>	<b>677</b>	<b>397</b>	<b>258</b>	<b>131</b>	<b>(45)</b>	<b>2,078</b>
<b>Segment assets (excluding intercompany balances)</b>	<b>4,122</b>	<b>4,743</b>	<b>4,430</b>	<b>1,163</b>	<b>1,147</b>	<b>813</b>	<b>16,418</b>
Included in segment assets are:							
Additions to property, plant and equipment	55	104	136	63	31	3	392
Additions to intangible assets	2	2	4	3	—	1	12
<b>Segment liabilities (excluding intercompany balances)</b>	<b>596</b>	<b>881</b>	<b>814</b>	<b>386</b>	<b>255</b>	<b>12,069</b>	<b>15,001</b>

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**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

For the year ended December 31, 2016

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,790	3,254	2,223	1,467	912	—	10,646
Total inter-segment revenue	146	494	—	113	16	(769)	—
<b>Total segment revenue</b>	<b>2,936</b>	<b>3,748</b>	<b>2,223</b>	<b>1,580</b>	<b>928</b>	<b>(769)</b>	<b>10,646</b>
Gross profit	873	691	335	315	173	—	2,387
Expenses and other income	(307)	(333)	(202)	(88)	(108)	(177)	(1,215)
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>566</b>	<b>358</b>	<b>133</b>	<b>227</b>	<b>65</b>	<b>(177)</b>	<b>1,172</b>
Financial income							152
Financial expenses							(1,042)
<b>Profit (loss) from continuing operations before income tax</b>							<b>282</b>
Income tax (expense) benefit							(103)
<b>Profit (loss) from continuing operations</b>							<b>179</b>
<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>566</b>	<b>358</b>	<b>133</b>	<b>227</b>	<b>65</b>	<b>(177)</b>	<b>1,172</b>
Depreciation and amortization from continuing operations	92	223	269	57	65	1	707
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</b>	<b>658</b>	<b>581</b>	<b>402</b>	<b>284</b>	<b>130</b>	<b>(176)</b>	<b>1,879</b>



**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

For the year ended December 31, 2016

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>658</b>	<b>581</b>	<b>402</b>	<b>284</b>	<b>130</b>	<b>(176)</b>	<b>1,879</b>
Included in EBITDA:							
Asset impairment charges, net of reversals	—	28	11	—	6	—	45
Non-cash change in multi-employer pension plan withdrawal liability	—	(1)	—	(10)	—	—	(11)
Non-cash pension expense	—	—	—	—	—	124	124
Operational process engineering-related consultancy costs	—	21	—	—	—	—	21
Related party management fee	—	—	—	—	—	13	13
Restructuring costs, net of reversals	—	31	12	1	5	—	49
Unrealized (gain) loss on derivatives	(8)	(7)	—	(3)	(2)	—	(20)
Other	—	9	(4)	(2)	(1)	1	3
<b>Adjusted EBITDA from continuing operations</b>	<b>650</b>	<b>662</b>	<b>421</b>	<b>270</b>	<b>138</b>	<b>(38)</b>	<b>2,103</b>

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**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

**Information about geographic area**

The Group's revenue from external customers from continuing operations and information about its segment assets (total non-current assets excluding financial instruments, non-current receivables and deferred tax assets) by geographic origin are detailed below. In presenting information on a geographic basis, revenue and assets have been reported based on the location of the business operations.

(In \$ million)	United States	Remaining North American Region	Asia	Europe	South America	Other	Total
<b>Total external revenue</b>							
<b>For the year ended December 31, 2018</b>							
Reynolds Consumer Products	3,081	61	2	—	—	—	3,144
Pactiv Foodservice	3,396	354	27	1	—	—	3,778
Graham Packaging	1,787	105	5	136	54	—	2,087
Evergreen	1,401	35	167	—	—	—	1,603
Closures	414	82	160	113	82	10	861
Corporate / unallocated*	(793)	(19)	—	(1)	—	—	(813)
<b>Total revenue for 2018</b>	<b>9,286</b>	<b>618</b>	<b>361</b>	<b>249</b>	<b>136</b>	<b>10</b>	<b>10,660</b>
<b>For the year ended December 31, 2017</b>							
Reynolds Consumer Products	2,865	92	2	—	—	—	2,959
Pactiv Foodservice	3,299	345	28	57	—	—	3,729
Graham Packaging	1,790	116	29	155	57	—	2,147
Evergreen	1,371	36	155	—	—	—	1,562
Closures	370	81	238	107	95	10	901
Corporate / unallocated*	(733)	(38)	(3)	—	—	—	(774)
<b>Total revenue for 2017</b>	<b>8,962</b>	<b>632</b>	<b>449</b>	<b>319</b>	<b>152</b>	<b>10</b>	<b>10,524</b>
<b>For the year ended December 31, 2016</b>							
Reynolds Consumer Products	2,844	90	2	—	—	—	2,936
Pactiv Foodservice	3,287	321	30	110	—	—	3,748
Graham Packaging	1,838	123	44	161	57	—	2,223
Evergreen	1,393	39	148	—	—	—	1,580
Closures	373	84	241	112	107	11	928
Corporate / unallocated*	(729)	(37)	(3)	—	—	—	(769)
<b>Total revenue for 2016</b>	<b>9,006</b>	<b>620</b>	<b>462</b>	<b>383</b>	<b>164</b>	<b>11</b>	<b>10,646</b>
<b>Non-current assets</b>							
As of December 31, 2018	11,664	266	176	159	57	23	12,345
As of December 31, 2017	11,861	279	179	213	79	74	12,685

\* Corporate/unallocated includes eliminations of transactions between segments.

There was no revenue from external customers in New Zealand, where the Company is domiciled, for any years presented. There were no non-current assets in New Zealand as of December 31, 2018 (2017: \$49 million).

**Information about major customers**

The Group had revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue. The revenue attributable to this customer for the year ended December 31, 2018 was \$1,268 million (2017: \$1,163 million, 2016: \$1,104 million) and is reported in the Reynolds Consumer Products segment.

**Information about major product lines**

Supplemental information on net sales by major product line for continuing operations is set forth below:

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**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Reynolds Consumer Products</b>			
Waste and storage products	1,227	1,157	1,166
Cooking products	1,160	1,071	1,060
Tableware	757	731	710
<b>Pactiv Foodservice</b>			
Foodservice Packaging	3,778	3,729	3,748
<b>Graham Packaging</b>			
Food and beverage plastic containers	1,443	1,487	1,541
All other plastic containers	644	660	682
<b>Evergreen</b>			
Carton packaging	799	774	809
Liquid packaging board	438	453	414
Paper products	366	335	357
<b>Closures</b>			
Caps and closures	861	901	928
<b>Corporate / unallocated*</b>			
Inter-segment eliminations	(813)	(774)	(769)
<b>Total Revenue</b>	<b>10,660</b>	<b>10,524</b>	<b>10,646</b>

\* Corporate/unallocated includes eliminations of transactions between segments.

**6. Net other income (expenses)**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Asset impairment charges, net of reversals	(240)	(45)	(45)
Gain (loss) on sale or disposal of businesses and non-current assets	8	(13)	(4)
Net foreign currency exchange gains (losses)	—	(3)	(10)
Related party management fee (refer to note 20)	(8)	(9)	(13)
Unrealized gain (loss) on derivatives (refer to note 19)	(22)	—	18
Other	5	11	9
<b>Net other income (expenses)</b>	<b>(257)</b>	<b>(59)</b>	<b>(45)</b>

Asset impairment charges for the year ended December 31, 2018 include a \$206 million goodwill impairment charge recorded at Graham Packaging. For further details, refer to note 13.

**7. Personnel expenses**

Personnel expenses recognized in continuing operations in the statements of comprehensive income were \$2,057 million for the year ended December 31, 2018 (2017: \$2,058 million; 2016: \$2,122 million). Personnel expenses include salaries, wages, employee related taxes, short-term employee benefits, pension benefits (including plans assumed), post-employment medical benefits, other long-term employee benefits and non-cash pension expense related to the exit from a multi-employer pension plan. For additional details related to the post-employment benefit plans, refer to note 16.

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

**8. Financial income and expenses**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Interest income	5	3	5
Interest income on related party loans (refer to note 20)	4	2	—
Net gain in fair value of derivatives	—	29	134
Net foreign currency exchange gain	28	—	13
<b>Financial income</b>	<b>37</b>	<b>34</b>	<b>152</b>
Interest expense:			
Securitization Facility	(16)	(13)	(9)
Credit Agreement	(166)	(146)	(119)
Reynolds Notes:			
7.125% Senior Secured Notes due 2019	—	—	(26)
7.875% Senior Secured Notes due 2019	—	—	(27)
5.750% Senior Secured Notes due 2020	(180)	(186)	(186)
6.875% Senior Secured Notes due 2021	(26)	(44)	(65)
Floating Rate Senior Secured Notes due 2021	(35)	(35)	(16)
5.125% Senior Secured Notes due 2023	(82)	(82)	(41)
8.500% Senior Notes due 2018	—	—	(28)
9.000% Senior Notes due 2019	—	—	(28)
9.875% Senior Notes due 2019	—	—	(83)
8.250% Senior Notes due 2021	—	(4)	(75)
7.000% Senior Notes due 2024	(56)	(56)	(29)
Related Party Notes:			
Related Party 5.625% Senior Notes due 2016	—	—	(30)
Related Party 6.000% Senior Subordinated Notes due 2017	—	—	(17)
Pactiv Notes:			
8.125% Debentures due 2017	—	(11)	(24)
6.400% Notes due 2018	—	(1)	(1)
7.950% Debentures due 2025	(22)	(22)	(22)
8.375% Debentures due 2027	(17)	(17)	(17)
Amortization of:			
Transaction costs	(16)	(17)	(26)
Related Party Notes transaction costs	—	—	(2)
Fair value adjustment of acquired notes	(1)	1	2
Embedded derivatives	6	7	8
Net loss in fair value of derivatives	(245)	—	—
Net foreign currency exchange loss	—	(44)	—
Loss on extinguishment of debt <sup>(a)(b)(c)</sup>	(3)	(67)	(168)
Other	(6)	(13)	(13)
<b>Financial expenses</b>	<b>(865)</b>	<b>(750)</b>	<b>(1,042)</b>
<b>Net financial income (expenses)</b>	<b>(828)</b>	<b>(716)</b>	<b>(890)</b>

- (a) The 2018 loss on extinguishment of debt included \$3 million of redemption premiums related to the repayment of the 6.875% Senior Secured Notes due 2021.
- (b) The 2017 loss on extinguishment of debt included \$56 million related to the write-off of unamortized transaction costs and embedded derivatives arising from the repurchase of the 8.250% Senior Notes, the Credit Agreement refinancing and the Securitization Facility refinancing as well as \$11 million of redemption premiums related to the repurchase of the 8.250% Senior Notes and 5.750% Senior Secured Notes due 2020.
- (c) The 2016 loss on extinguishment of debt included \$125 million of redemption premiums and tender fees related to the repurchase of certain senior secured notes, senior notes and related party notes using the proceeds from the issuance of the 5.125% Senior Secured Notes due 2023, the Floating Rate Senior Secured Notes due 2021 and the 7.000% Senior Notes due 2024, available cash and additional borrowings under the previous Securitization Facility. Also included is \$43 million related to the write-off of unamortized transaction costs and embedded derivatives arising from the repurchase of these notes.

Refer to note 15 for information on the Group's borrowings.

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**9. Income tax**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Current tax (expense) benefit</b>			
Current year	(128)	(200)	(121)
Adjustments for prior years	(2)	2	(1)
	<b>(130)</b>	<b>(198)</b>	<b>(122)</b>
<b>Deferred tax (expense) benefit</b>			
Origination and reversal of temporary differences	83	100	16
Recognition of previously unrecognized tax losses and temporary differences	—	24	—
Adjustments for prior years	7	(6)	3
	<b>90</b>	<b>118</b>	<b>19</b>
<b>Income tax (expense) benefit</b>	<b>(40)</b>	<b>(80)</b>	<b>(103)</b>

In addition to the above amounts, the Group has recognized tax expense of \$10 million directly in other comprehensive income for the year ended December 31, 2018 (2017: \$25 million tax expense; 2016: \$45 million tax expense).

**9.1 Reconciliation of income tax expense**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Profit (loss) from continuing operations before income tax</b>	<b>48</b>	<b>525</b>	<b>282</b>
Income tax using the New Zealand tax rate of 28%	(10)	(147)	(79)
Effect of tax rates in foreign jurisdictions	(16)	(57)	(21)
Non-deductible expenses and permanent differences	(17)	(22)	(4)
Tax exempt income and income at a reduced tax rate	6	5	(3)
Goodwill impairment	(28)	—	—
Currency translation (gain) loss	(1)	25	11
Domestic manufacturing deduction	—	13	13
Withholding tax	(6)	(10)	(5)
Withholding tax related to prior periods	(7)	—	—
Deemed mandatory repatriation	—	(5)	—
Tax rate modifications	15	339	—
Write-off of previously recognized deferred tax assets	—	(228)	—
Recognition of deferred tax asset for previously unrecognized tax losses	—	24	—
Change in unrecognized tax losses and temporary differences	5	(21)	(15)
Tax on unremitted earnings	(2)	9	(1)
Tax uncertainties	12	(4)	1
Over (under) provided in prior periods	5	(4)	2
Other	4	3	(2)
<b>Total income tax (expense) benefit</b>	<b>(40)</b>	<b>(80)</b>	<b>(103)</b>

**9.2 Changes in U.S. federal tax legislation and provisionally determined amounts**

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Act"). In general, the Act (i) reduces the U.S. federal tax rate from a maximum of 35% to a flat rate of 21%, effective January 1, 2018; (ii) introduces amendments restricting the Group's ability to utilize the benefit of previously disallowed interest expense; (iii) imposes a deemed mandatory repatriation tax on certain deferred foreign earnings of the Group

while introducing a participation exemption tax system; and (iv) on a prospective basis, starting with the year ending December 31, 2018, changes the computation of the Group's U.S. federal income tax, including the introduction of new components of income tax which may apply to the Group.

As of December 31, 2017, the Group has recognized provisional tax impacts based on reasonable estimates. These reasonable estimates are incorporated in the (i) remeasurement of deferred taxes from a tax rate of 35% to 21%; (ii) evaluation of whether the existing deferred tax asset associated with carried forward interest deductions continues to exist after December 31, 2017; and (iii) quantification of the transition tax associated with the introduction of the participation exemption tax system.

As detailed in note 9.1, the reduction in the U.S. federal tax rate from 35% to 21% has resulted in a tax benefit of \$339 million that is recognized in the income statement for the year ended December 31, 2017. The reduction in the U.S. federal tax rate from 35% to 21% has also resulted in a tax benefit of \$42 million for the year ended December 31, 2017 that has been recognized directly in equity.



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As of December 31, 2016, the Group had recognized a deferred tax asset of \$562 million in respect of the expected future benefit from carried forward interest deductions. The Group has provisionally determined that it is more likely than not that the benefit will continue to be available under the Act. However, as the Act introduces new restrictions on the ability to claim interest deductions, the Group has provisionally determined that the future benefit that is probable of recovery is significantly less than the previously recognized deferred tax asset. This has resulted in a provisionally determined tax expense of \$228 million for the year ended December 31, 2017, which reflects the Group's current interpretations as to how future adjusted taxable income will be computed, and the overall estimated impact of the Act on projections of taxable income.

As detailed in note 9.1, the Group has recognized tax expense of \$5 million for the estimated liability arising from the deemed mandatory repatriation of earnings associated with the introduction of a participation exemption tax system. This estimated amount includes provisional interpretations as to how foreign earnings and profits should be measured on an interim basis.

During the year ended December 31, 2018, the Group finalized these provisionally determined amounts. There were no significant changes to any previously determined provisional amounts.

### 9.3 Current tax assets and liabilities

Current tax assets of \$14 million as of December 31, 2018 (2017: \$14 million) represent the amount of income taxes recoverable with respect to current and prior years and arise from the payment of tax in excess of the amounts due to the relevant tax authorities. Current tax liabilities of \$24 million as of December 31, 2018 (2017: \$39 million) represent the amount of income taxes payable with respect to current and prior years.

### 9.4 Movement in recognized deferred tax assets and liabilities

(In \$ million)	Derivatives	Property, plant and equipment	Intangible assets	Employee benefits	Tax loss carry-forwards	Interest	Other items	Net deferred tax assets (liabilities)
Balance as of January 1, 2017	(99)	(556)	(1,711)	492	97	562	141	(1,074)
Recognized in profit or loss	26	197	612	(214)	(12)	(450)	(41)	118
Recognized in equity	—	—	—	(20)	—	—	(5)	(25)
Other	—	(1)	(3)	—	—	—	3	(1)
<b>Balance as of December 31, 2017</b>	<b>(73)</b>	<b>(360)</b>	<b>(1,102)</b>	<b>258</b>	<b>85</b>	<b>112</b>	<b>98</b>	<b>(982)</b>
Recognized in profit or loss	73	(15)	48	20	(18)	9	(27)	90
Recognized in equity	—	—	—	(10)	—	—	3	(7)
Other	—	(1)	2	1	(2)	—	5	5
<b>Balance as of December 31, 2018</b>	<b>—</b>	<b>(376)</b>	<b>(1,052)</b>	<b>269</b>	<b>65</b>	<b>121</b>	<b>79</b>	<b>(894)</b>

(In \$ million)	As of December 31,	
	2018	2017
Included in the statement of financial position as:		
Deferred tax assets - non-current	28	32
Deferred tax liabilities - non-current	(922)	(1,014)
<b>Total recognized net deferred tax liabilities</b>	<b>(894)</b>	<b>(982)</b>

### 9.5 Unrecognized deferred tax liabilities

To the extent that dividends are expected to be remitted from overseas subsidiaries, joint ventures and associates, and would result in additional income taxes payable, appropriate amounts have been provided for in the statements of financial position. No deferred tax liabilities have been provided for unremitted earnings of the Group's overseas subsidiaries when these amounts are considered permanently reinvested in the businesses of these subsidiaries. As of December 31, 2018, the unrecognized deferred tax liabilities associated with unremitted earnings totaled approximately \$63 million.

### 9.6 Unrecognized deferred taxes

(In \$ million)	As of December 31,	
	2018	2017
Deductible (taxable) temporary differences	284	239
Tax losses	294	344
<b>Total unrecognized deferred tax assets</b>	<b>578</b>	<b>583</b>

The tax losses of the Group expire over different time intervals depending on local jurisdiction requirements. Certain deductible temporary differences do not expire under current tax legislation in the jurisdiction where the differences arose. Deferred tax assets have not been recognized with respect to these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefit.

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**10. Trade and other receivables, net**

(In \$ million)	As of December 31,	
	2018	2017
Trade receivables	1,046	1,067
Provision for impairment	(6)	(8)
<b>Total trade receivables, net of provision for impairment</b>	<b>1,040</b>	<b>1,059</b>
Related party receivables (refer to note 20)	13	8
Other receivables	68	69
<b>Total current trade and other receivables, net</b>	<b>1,121</b>	<b>1,136</b>
Related party receivables (refer to note 20)	91	65
Other receivables	20	23
<b>Total non-current receivables</b>	<b>111</b>	<b>88</b>

**10.1 Aging of trade receivables, net of provision for impairment**

(In \$ million)	As of December 31,	
	2018	2017
Current	962	954
Past due 1 to 30 days	59	73
Past due 31 to 60 days	9	13
Past due 61 to 90 days	4	8
Past due more than 90 days	6	11
<b>Balance at the end of the year</b>	<b>1,040</b>	<b>1,059</b>

**11. Inventories**

(In \$ million)	As of December 31,	
	2018	2017
Raw materials and consumables	463	424
Work in progress	133	145
Finished goods	720	717
Engineering and maintenance materials	123	99
Provision against inventories	(28)	(15)
<b>Total inventories</b>	<b>1,411</b>	<b>1,370</b>

During the year ended December 31, 2018, the raw materials elements of inventories recognized in continuing operations in the statements of comprehensive income as a component of cost of sales totaled approximately \$4.7 billion (2017: \$4.6 billion; 2016: \$4.6 billion).

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**12. Property, plant and equipment**

(In \$ million)	Land	Buildings and improvements	Plant and equipment	Capital work in progress	Finance leased assets	Total
<b>As of December 31, 2018</b>						
Cost	163	932	5,190	416	29	6,730
Accumulated depreciation	—	(474)	(3,158)	—	(14)	(3,646)
Accumulated impairment losses	—	(2)	(61)	—	—	(63)
<b>Carrying amount as of December 31, 2018</b>	<b>163</b>	<b>456</b>	<b>1,971</b>	<b>416</b>	<b>15</b>	<b>3,021</b>
<b>As of December 31, 2017</b>						
Cost	170	903	4,931	300	28	6,332
Accumulated depreciation	—	(431)	(2,916)	—	(12)	(3,359)
Accumulated impairment losses	—	—	(50)	—	—	(50)
<b>Carrying amount as of December 31, 2017</b>	<b>170</b>	<b>472</b>	<b>1,965</b>	<b>300</b>	<b>16</b>	<b>2,923</b>
Carrying amount as of January 1, 2018	170	472	1,965	300	16	2,923
Additions	—	—	—	564	1	565
Capitalization of borrowing costs	—	—	—	7	—	7
Disposals	—	—	(3)	—	—	(3)
Depreciation for the year	—	(50)	(370)	—	(2)	(422)
Impairment losses, net of reversals	—	(3)	(28)	—	—	(31)
Other transfers	(6)	39	417	(454)	—	(4)
Effect of movements in exchange rates	(1)	(2)	(10)	(1)	—	(14)
<b>Carrying amount as of December 31, 2018</b>	<b>163</b>	<b>456</b>	<b>1,971</b>	<b>416</b>	<b>15</b>	<b>3,021</b>
Carrying amount as of January 1, 2017	168	498	2,100	226	18	3,010
Additions	—	2	—	390	—	392
Capitalization of borrowing costs	—	—	—	3	—	3
Disposals	—	—	(10)	—	—	(10)
Depreciation for the year	—	(50)	(367)	—	(2)	(419)
Impairment losses, net of reversals	—	—	(9)	(1)	—	(10)
Other transfers	(1)	18	235	(320)	—	(68)
Effect of movements in exchange rates	3	4	16	2	—	25
<b>Carrying amount as of December 31, 2017</b>	<b>170</b>	<b>472</b>	<b>1,965</b>	<b>300</b>	<b>16</b>	<b>2,923</b>

Depreciation expense related to property, plant and equipment is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	412	411	436
General and administration expenses	10	8	9
<b>Total depreciation expense</b>	<b>422</b>	<b>419</b>	<b>445</b>

During the year ended December 31, 2018, the Group incurred \$31 million of impairment losses, net of reversals (2017: \$10 million; 2016: \$44 million). The recognition and reversal of impairment charges is included in net other income (expenses) in the statements of comprehensive income as a component of profit or loss.

Refer to note 15 for details of security granted over property, plant and equipment and other assets.



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**13. Intangible assets**

(In \$ million)	Goodwill	Trademarks	Customer relationships	Technology & software	Other	Total
<b>As of December 31, 2018</b>						
Cost	5,456	1,764	3,299	891	103	11,513
Accumulated amortization	—	(87)	(1,344)	(622)	(27)	(2,080)
Accumulated impairment losses	(206)	—	—	—	(5)	(211)
<b>Carrying amount as of December 31, 2018</b>	<b>5,250</b>	<b>1,677</b>	<b>1,955</b>	<b>269</b>	<b>71</b>	<b>9,222</b>
<b>As of December 31, 2017</b>						
Cost	5,465	1,763	3,321	883	102	11,534
Accumulated amortization	—	(83)	(1,189)	(573)	(24)	(1,869)
Accumulated impairment losses	—	—	—	—	(6)	(6)
<b>Carrying amount as of December 31, 2017</b>	<b>5,465</b>	<b>1,680</b>	<b>2,132</b>	<b>310</b>	<b>72</b>	<b>9,659</b>
Carrying amount as of January 1, 2018	5,465	1,680	2,132	310	72	9,659
Additions	—	—	—	20	2	22
Disposals	(3)	—	(3)	—	—	(6)
Amortization for the year	—	(3)	(166)	(61)	(3)	(233)
Impairment losses	(206)	—	—	—	—	(206)
Effect of movements in exchange rates	(6)	—	(8)	—	—	(14)
<b>Carrying amount as of December 31, 2018</b>	<b>5,250</b>	<b>1,677</b>	<b>1,955</b>	<b>269</b>	<b>71</b>	<b>9,222</b>
Carrying amount as of January 1, 2017	5,431	1,684	2,322	385	80	9,902
Additions	—	—	—	10	2	12
Disposals	(1)	—	—	(4)	—	(5)
Amortization for the year	—	(4)	(168)	(80)	(3)	(255)
Impairment losses	—	—	—	—	(5)	(5)
Transfers to assets held for sale	19	—	(42)	—	(2)	(25)
Other transfers	—	—	—	(1)	—	(1)
Effect of movements in exchange rates	16	—	20	—	—	36
<b>Carrying amount as of December 31, 2017</b>	<b>5,465</b>	<b>1,680</b>	<b>2,132</b>	<b>310</b>	<b>72</b>	<b>9,659</b>

During the year ended December 31, 2018, goodwill disposals were related to certain Graham Packaging businesses. During the year ended December 31, 2017, goodwill disposals were related to certain Graham Packaging and Closures businesses.

Amortization expense related to intangible assets is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	42	42	41
General and administration expenses	191	213	221
<b>Total amortization expense</b>	<b>233</b>	<b>255</b>	<b>262</b>

Refer to note 15 for details of security granted over the Group's intangible assets.

**13.1 Impairment testing for indefinite life intangible assets**

Goodwill, certain trademarks and certain other intangible assets are the only intangibles with indefinite useful lives and therefore are not subject to amortization. Instead, they are tested for impairment at least annually (as of December 31) as well as whenever there is an indication that they may

be impaired. Goodwill is tested at the segment level, which is the lowest level within the Group at which goodwill is monitored for internal management purposes. Indefinite life intangible assets are tested at a CGU or group of CGUs that supports the indefinite life intangible assets.

The aggregate carrying amounts of goodwill and indefinite life intangible assets allocated to each segment for purposes of impairment testing are as follows:

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(In \$ million)	As of December 31,					
	2018			2017		
	Goodwill	Trademarks	Other	Goodwill	Trademarks	Other
Reynolds Consumer Products	1,913	850	—	1,913	850	—
Pactiv Foodservice	1,696	526	59	1,697	526	59
Graham Packaging	1,200	251	—	1,412	251	—
Evergreen	67	34	—	67	34	—
Closures	374	—	—	376	—	—
<b>Total</b>	<b>5,250</b>	<b>1,661</b>	<b>59</b>	<b>5,465</b>	<b>1,661</b>	<b>59</b>

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose.

For goodwill and certain indefinite lived trademarks the estimated fair value has been determined at the segment level using the 2018 Adjusted EBITDA or forecasted 2019 Adjusted EBITDA expected to be generated multiplied by an earnings multiple. The key assumptions in developing the forecasted Adjusted EBITDA include management's assessment of future trends in the segment's industry and are based on both external and internal sources. The forecasted 2019 Adjusted EBITDA has been prepared using certain key assumptions including selling prices, sales volumes and costs of raw materials. Earnings multiples reflect recent sale and purchase transactions and comparable company EBITDA trading multiples in the same industry. The earnings multiples applied for December 31, 2018 ranged between 7.5x and 10x. Costs to dispose were estimated to be 1% to 1.5% of the fair value of each segment depending on the magnitude of the fair value.

Based on the results of testing, with the exception of Graham Packaging, the recoverable amounts for goodwill and indefinite life intangible assets exceeded the carrying values and no impairment was recognized.

In performing the annual impairment test for goodwill as of December 31, 2018 and in conjunction with the Group's 2019 budgeting process, the Group determined that a goodwill impairment charge of \$206 million arose in respect of Graham Packaging. The recognition of this expense was triggered by the lower than expected performance of Graham Packaging during the year ended December 31, 2018, particularly during the three months ended December 31, 2018, and lower near term earnings expectations. The estimated recoverable amount has been determined using a fair value less costs of disposal methodology. This estimate of fair value represents a Level 3 hierarchy, which includes inputs that are not based on observable market data. The impairment charge has been recognized in net other income (expenses) in the statement of comprehensive income. As a result of the impairment, the carrying value of Graham Packaging is the same as its recoverable amount (\$2.9 billion). A reasonably possible unexpected deterioration in financial performance or adverse change in capitalization multiple may result in a further impairment.

For all of the Group's segments, there can be no assurances that sustained declines in macroeconomic or business conditions affecting the industries in which the Group operates and its businesses will not occur, and were they to occur, that future declines will not result in additional impairments in future periods.

The estimated fair value less cost to dispose of the Reynolds® and Hefty® trademarks is first evaluated at the trademark level using the relief from royalty method. The royalty rates were based on observed royalty rates in the market, arm's-length royalty agreements, profit split analysis and previous transactions. The royalty rates applied ranged between 1% and 7%. The growth rates used to estimate future revenues were based on past performance, external market growth assumptions and the Group's experience of growth rates achievable in the Group's key markets. The revenue growth rates applied ranged up to 6%. The discount rate of 8.3% was based on market factors and costs to dispose were estimated to be 1.5% of the fair value of each asset.

#### 14. Trade and other payables

(In \$ million)	As of December 31,	
	2018	2017
Trade payables	701	646
Accrued interest	125	132
Related party payables (refer to note 20)	9	9
Other payables and accrued expenses	304	305
<b>Total current trade and other payables</b>	<b>1,139</b>	<b>1,092</b>
<b>Non-current payables</b>	<b>45</b>	<b>45</b>



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**15. Borrowings**

As of December 31, 2018, RGHL and the Group were in compliance with all of their covenants.

The Group's borrowings are detailed below:

(In \$ million)	As of December 31,	
	2018	2017
Securitization Facility	420	420
Credit Agreement	3,528	3,576
Reynolds Notes:		
Reynolds Senior Secured Notes:		
5.750% Senior Secured Notes due 2020	3,137	3,137
6.875% Senior Secured Notes due 2021	345	645
Floating Rate Senior Secured Notes due 2021	750	750
5.125% Senior Secured Notes due 2023	1,600	1,600
Reynolds Senior Notes:		
7.000% Senior Notes due 2024	800	800
Pactiv Notes:		
6.400% Notes due 2018	—	16
7.950% Debentures due 2025	276	276
8.375% Debentures due 2027	200	200
Other borrowings	20	20
<b>Total principal amount of borrowings</b>	<b>11,076</b>	<b>11,440</b>
Transaction costs	(59)	(77)
Embedded derivatives	23	32
Original issue discounts, net of premiums	(5)	(6)
<b>Carrying value</b>	<b>11,035</b>	<b>11,389</b>
Current borrowings	455	470
Non-current borrowings	10,580	10,919
<b>Total borrowings</b>	<b>11,035</b>	<b>11,389</b>

**15.1 Securitization Facility**

On March 22, 2017, RGHL and the Group entered into a new \$600 million securitization facility (the "Securitization Facility"), of which \$452 million was drawn on the closing date. The proceeds and cash were used to repay and extinguish all amounts outstanding under the previous securitization facility and pay transaction fees and expenses. The Securitization Facility matures on March 22, 2022. The amount that can be borrowed is calculated by reference to a funding base determined by the amount of eligible trade receivables. The Securitization Facility is secured by all of the assets of the borrower, which are primarily the eligible trade receivables and cash. The terms of the arrangement do not result in the derecognition of the trade receivables by the Group. The Securitization Facility has an interest rate equal to one-month LIBOR with a 0% floor, plus a margin of 1.75% per annum. As of December 31, 2018, \$420 million was drawn under the Securitization Facility.

**15.2 Credit Agreement**

RGHL and certain members of the Group are parties to a senior secured credit agreement dated August 5, 2016 as amended (the "Credit Agreement"). The Credit Agreement comprises the following term and revolving tranches:

	Currency	Maturity date	Facility value (in million)	Value drawn or utilized as of December 31, 2018 (in million)	Applicable interest rate as of December 31, 2018
<b>Term Tranches</b>					

U.S. Term Loans	\$	February 5, 2023	3,315	3,248	LIBOR (floor of 0.000%) + 2.750%
European Term Loans	€	February 5, 2023	249	244	EURIBOR (floor of 0.000%) + 3.250%
<b>Revolving Tranche<sup>(1)</sup></b>					
U.S. Revolving Loans	\$	August 5, 2021	302	58	—

(1) The Revolving Tranche was utilized in the form of bank guarantees and letters of credit.

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On February 7, 2017, RGHL and the Group entered into an incremental assumption agreement and incurred \$3,315 million and €249 million of term loans thereunder. The proceeds of these incremental term loans were used to repay in full the outstanding U.S. and European term loans under the Credit Agreement. This resulted in a 0.25% per annum reduction in the margin applicable to the outstanding U.S. and European term loans to 3.000% per annum and 3.500% per annum, respectively, in each case with a step down based on achieving certain ratings, and a reduction in the LIBOR floor of the U.S. term loans by 100 basis points to 0.000% per annum.

Refer to note 8 for the loss recognized on the extinguishment of borrowings as a result of the write-off of unamortized debt issuance costs.

On September 29, 2017, the interest rate margin applicable to the outstanding U.S. and European term loans was reduced by 0.25% per annum to 2.750% per annum and 3.250% per annum, respectively, due to certain upgrades in RGHL's credit rating.

RGHL and certain members of the Group have guaranteed on a senior basis the obligations under the Credit Agreement and related documents to the extent permitted by law. The guarantors have granted security over substantially all of their assets to support the obligations under the Credit Agreement. This security is expected to be shared on a first priority basis with the note holders under the Reynolds Senior Secured Notes.

Indebtedness under the Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments of 0.25% of the principal amount of term loans outstanding on February 7, 2017. The borrowers are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were due in 2018 or are due in 2019 for the year ended December 31, 2018.

The Credit Agreement contains customary covenants which restrict RGHL and the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the Credit Agreement. In addition, total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 25% or less of the adjusted consolidated total assets of RGHL and the Group as of the last day of the most recently ended fiscal quarter of RGHL for which financial statements are available, and the aggregate of the EBITDA of the non-guarantor companies is required to be 25% or less of the consolidated EBITDA of RGHL and the Group for the period of four consecutive fiscal quarters of RGHL for which financial statements are available, in each case calculated in accordance with the Credit Agreement (the "Guarantor Coverage Test") which may differ from the measure of Adjusted EBITDA as disclosed in note 5. If RGHL and the Group are unable to meet the Guarantor Coverage Test, RGHL and the Group will be required to add additional subsidiary guarantors as necessary to satisfy such requirements.

The Credit Agreement also contains a total secured leverage ratio covenant not to exceed 5.00 to 1.00 on a pro forma basis. This covenant applies if the aggregate revolving credit exposure (excluding any exposure in respect of undrawn letters of credit) as of the last day of a fiscal quarter exceeds 35% of the total commitments under the revolving credit facility on such day.

### 15.3 Reynolds Notes

The Group's borrowings as of December 31, 2018 issued by Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (New Zealand) Limited (together, the "Reynolds Notes Issuers") are summarized below:

	<b>Maturity date</b>	<b>Interest payment dates</b>
5.750% Senior Secured Notes due 2020	October 15, 2020	April 15 and October 15
6.875% Senior Secured Notes due 2021	February 15, 2021	February 15 and August 15
Floating Rate Senior Secured Notes due 2021 <sup>(1)</sup>	July 15, 2021	January 15, April 15, July 15 and October 15
5.125% Senior Secured Notes due 2023 <sup>(2)</sup>	July 15, 2023	January 15 and July 15; commencing January 15, 2017
7.000% Senior Notes due 2024	July 15, 2024	January 15 and July 15; commencing January 15, 2017

(1) The Floating Rate Senior Secured Notes due 2021 were issued at an issue price of 99.000% and have an interest rate equal to the three-month Dollar LIBOR plus 3.500% reset quarterly. In July 2016, the Group entered into an interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While the Group has elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is 4.670% from October 15, 2016.

(2) \$250 million aggregate principal amount of 5.125% Senior Secured Notes due 2023 were issued at an issue price of 103.500%.

On February 15, 2018, the Group repaid \$300 million aggregate principal amount of the outstanding 6.875% Senior Secured Notes due 2021 at a redemption price of 101.146% plus accrued and unpaid interest.

On February 15, 2017, the Group redeemed all of the \$345 million aggregate principal amount outstanding of 8.250% Senior Notes due 2021 at a redemption price of 102.750% plus accrued and unpaid interest.

On December 15, 2017, the Group repaid \$100 million aggregate principal amount of 5.750% Senior Secured Notes due 2020 at a redemption price of 101.438%, plus accrued and unpaid interest.

Refer to note 8 for the loss recognized on the reduction in borrowings as a result of premiums incurred and the write-off of unamortized debt issuance costs.



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***Assets pledged as security for borrowings***

The shares in the Company have been pledged as collateral to support the obligations under the Credit Agreement and the Reynolds Senior Secured Notes. In addition, RGHL, the Company and certain subsidiaries of the Company have pledged substantially all of their assets as collateral to support the obligations under the Credit Agreement and the Reynolds Senior Secured Notes.

***Guarantee and security arrangements***

All of the guarantors of the Credit Agreement have guaranteed the obligations under the Reynolds Notes to the extent permitted by law.

The guarantors have granted security over substantially all of their assets to support the obligations under the Reynolds Senior Secured Notes. This security is expected to be shared on a first priority basis with the creditors under the Credit Agreement.

***Reynolds Notes indentures restrictions***

The respective indentures governing the Reynolds Notes all contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the respective indentures governing the Reynolds Notes.

***Early redemption option and change in control provisions***

Under the respective indentures governing the Reynolds Notes, the Reynolds Notes Issuers, at their option, can elect to redeem the Reynolds Notes under terms and conditions specified in the respective indentures. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized embedded derivatives in relation to the redemption provisions of the indentures governing the respective Reynolds Notes.

Under the respective indentures governing the Reynolds Notes, in certain circumstances which would constitute a change in control, the holders of the Reynolds Notes have the right to require the Reynolds Notes Issuers to repurchase the Reynolds Notes at a premium.

**15.4 Pactiv Notes**

As of December 31, 2018, the Group had outstanding the following debentures (together, the "Pactiv Notes") issued by Pactiv LLC:

	<b>Maturity date</b>	<b>Semi-annual interest payment dates</b>
7.950% Debentures due 2025	December 15, 2025	June 15 and December 15
8.375% Debentures due 2027	April 15, 2027	April 15 and October 15

On January 15, 2018, the Group repaid upon maturity all of the \$16 million aggregate principal amount outstanding of the 6.400% Notes due 2018 plus accrued and unpaid interest.

On June 15, 2017, the Group repaid upon maturity all of the \$300 million aggregate principal amount outstanding of 8.125% Debentures due 2017.

The Pactiv Notes are not guaranteed by any member of the Group and are unsecured.

The indentures governing the Pactiv Notes contain a negative pledge clause limiting the ability of certain entities within the Group, subject to certain exceptions, to (i) incur or guarantee debt that is secured by liens on "principal manufacturing properties" (as such term is defined in the indentures governing the Pactiv Notes) or on the capital stock or debt of certain subsidiaries that own or lease any such principal manufacturing property and (ii) sell and then take an immediate lease back of such principal manufacturing property.

The 8.375% Debentures due 2027 may be redeemed at any time at the Group's option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium, if any, plus accrued and unpaid interest to the date of the redemption.

**15.5 Other borrowings**

As of December 31, 2018, in addition to the Securitization Facility, the Credit Agreement, the Reynolds Notes and the Pactiv Notes, the Group had a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities bear interest at floating or fixed rates.

As of December 31, 2018, the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the Credit Agreement and the Reynolds Senior Secured Notes and by certain other assets. These facilities rank *pari passu* with the obligations under the Credit Agreement and under the Reynolds Senior Secured Notes.

Other borrowings as of December 31, 2018 included finance lease obligations of \$19 million (2017: \$20 million).

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**15.6 Reconciliation of liabilities arising from financing activities**

(In \$ million)	Principal borrowings	Transaction costs	Total
<b>Carrying amount as of January 1, 2018</b>	11,440	(51)	<b>11,389</b>
Cash flows	(352)	—	<b>(352)</b>
Capitalization of borrowing costs	—	—	<b>—</b>
Effects of movements in exchange rates	(12)	—	<b>(12)</b>
Other	—	10	<b>10</b>
<b>Carrying amount as of December 31, 2018</b>	<b>11,076</b>	<b>(41)</b>	<b>11,035</b>
Carrying amount as of January 1, 2017	12,179	(108)	<b>12,071</b>
Cash flows	(773)	—	<b>(773)</b>
Capitalization of borrowing costs	—	(10)	<b>(10)</b>
Effects of movements in exchange rates	34	—	<b>34</b>
Other	—	67	<b>67</b>
<b>Carrying amount as of December 31, 2017</b>	<b>11,440</b>	<b>(51)</b>	<b>11,389</b>

**16. Employee benefits**

**16.1 Summary of employee benefits liabilities**

(In \$ million)	As of December 31,	
	2018	2017
Salaries and wages accrued	122	149
Provision for annual leave	33	40
Provision for other employee benefits	52	53
Provision for exit from multi-employer pension plans	64	70
Defined benefit obligations:		
Pension benefits	854	840
Post-employment medical benefits	94	106
<b>Total employee benefits liabilities</b>	<b>1,219</b>	<b>1,258</b>
Current	178	213
Non-current	1,041	1,045
<b>Total employee benefits liabilities</b>	<b>1,219</b>	<b>1,258</b>

**16.2 Pension benefits**

The Group makes contributions to defined benefit pension plans which define the level of pension benefit an employee will receive on retirement. The Group operates defined benefit pension plans in countries including Canada, Germany, Japan, Taiwan, Mexico and the United States. The majority of the Group's net pension plan liabilities are in the United States and subject to governmental regulations relating to the funding of retirement plans. The Group generally funds its retirement plans equal to the annual minimum funding requirements specified by government regulations covering each plan. Deterioration in the value of plan assets, including equity and debt securities, resulting from a general financial downturn or otherwise, or a change in the interest rate used to discount the projected benefit obligations, could cause an increase in the underfunded status of the Group's defined benefit pension plans, thereby increasing the Group's obligation to make contributions to the plans, which in turn would reduce the cash available for the Group's business. The Group has generally provided aggregated disclosures in respect of these plans on the basis that these plans are not exposed to materially different risks.

The Group's largest pension plan is the Pactiv Retirement Plan, of which Pactiv became the sponsor at the time of the Pactiv spin-off from Tenneco Inc. in 1999. The plan was assumed as part of the Pactiv acquisition in 2010. This plan covers certain of Pactiv Foodservice's employees as well as employees (or their beneficiaries) of certain companies previously owned by Tenneco Inc. but not currently owned by the Group. As a result, while persons who are not current Pactiv Foodservice employees do not accrue benefits under the plan, the total number of individuals/beneficiaries covered by this plan is much larger than if only Pactiv Foodservice personnel were participants. The Pactiv Retirement Plan comprises 97% (2017: 96%) of the Group's present value of pension plan obligations. For this reason, the impact of this pension plan on the Group's net income and cash from operations is greater than the impact typically found at similarly sized companies. Changes in the following factors can have a disproportionate effect on the Group's results of operations and

statement of financial position compared with similarly sized companies: (i) interest rate used to discount projected benefit obligations and to calculate the net interest on the net defined benefit liability (asset), (ii) governmental regulations relating to funding of retirement plans in the United States, (iii) financial market performance and (iv) revisions to mortality tables as a result of changes in life expectancy. Therefore, certain information applicable to the Pactiv Retirement Plan has been separately disclosed. As of December 31, 2018, the Pactiv Retirement Plan was underfunded by \$795 million.

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On November 8, 2016, the Group entered into an agreement with the U.S. Pension Benefit Guaranty Corporation (the "PBGC") whereby the PBGC agreed not to assert a termination liability against the Group in relation to three defined benefit pension plans of UCI Holdings Limited (the "UCI Pension Plans") in return for Pactiv LLC, a member of the Group, becoming the sponsor of the UCI Pension Plans. UCI Holdings Limited was a former member of the Group's "controlled group," as defined by the PBGC. This agreement became effective on December 30, 2016, resulting in the recognition of a net liability of \$65 million, comprising plan assets of \$213 million and actuarially determined plan liabilities of \$278 million. On December 1, 2017, the UCI Pension Plans were merged into the Pactiv Retirement Plan.

Future contributions to the Group's pension plans, including the Pactiv Retirement Plan, could reduce the cash otherwise available to operate the Group's business and could have an adverse effect on the Group's results of operations. The Group expects to make no contributions to the Pactiv Retirement Plan in 2019. Expected contributions during the year ending December 31, 2019 for all other defined benefit plans are estimated to be up to \$6 million. Future contributions will be dependent on future plan asset returns and interest rates and are highly sensitive to changes.

The various defined benefit plans are governed in accordance with the relevant local legislation. Typically each plan has a separate governance committee which is responsible for managing the plan. In certain jurisdictions membership of the governance committee includes plan representatives. The Group has sole responsibility for the administration of the Pactiv Retirement Plan.



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**Movement in defined benefit pension obligations**

(In \$ million)	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2018	2017	2018	2017	2018	2017
Balance as of January 1	4,830	5,076	(3,990)	(4,091)	840	985
Included in profit or loss:						
Current service cost	9	9	—	—	9	9
Interest cost (income)	168	198	(139)	(160)	29	38
Administrative expenses	—	—	33	35	33	35
Settlement (gain)	—	(7)	—	—	—	(7)
<b>Total expense (income) recognized in profit or loss</b>	<b>177</b>	<b>200</b>	<b>(106)</b>	<b>(125)</b>	<b>71</b>	<b>75</b>
Remeasurement (gains) losses:						
Actuarial (gains) losses arising from:						
Demographic assumptions	(1)	(10)	—	—	(1)	(10)
Financial assumptions	(302)	265	—	—	(302)	265
Return on plan assets, excluding interest income	—	—	283	(429)	283	(429)
<b>Total remeasurement (gains) losses</b>	<b>(303)</b>	<b>255</b>	<b>283</b>	<b>(429)</b>	<b>(20)</b>	<b>(174)</b>
Other movements:						
Contributions by the Group	—	—	(25)	(33)	(25)	(33)
Benefits paid by the plans	(299)	(691)	299	691	—	—
Business disposals	(42)	(15)	29	—	(13)	(15)
Effect of movements in exchange rates	—	5	1	(3)	1	2
<b>Total other movements</b>	<b>(341)</b>	<b>(701)</b>	<b>304</b>	<b>655</b>	<b>(37)</b>	<b>(46)</b>
<b>Balance as of December 31</b>	<b>4,363</b>	<b>4,830</b>	<b>(3,509)</b>	<b>(3,990)</b>	<b>854</b>	<b>840</b>
Comprised of:						
Pactiv Retirement Plan	4,234	4,646	(3,439)	(3,882)	795	764
Other plans	129	184	(70)	(108)	59	76
<b>Balance as of December 31</b>	<b>4,363</b>	<b>4,830</b>	<b>(3,509)</b>	<b>(3,990)</b>	<b>854</b>	<b>840</b>
Comprised of:						
Funded plans					814	796
Unfunded plans					40	44
<b>Total net pension benefits liability</b>					<b>854</b>	<b>840</b>
Included in the statements of financial position as:						
Employee benefits liabilities					854	840
<b>Total net pension benefits liability</b>					<b>854</b>	<b>840</b>

The Group's pension plans had a weighted average duration of 10 years (2017: 10 years).

For the year ended December 31, 2016, the Group recognized remeasurement gains of \$113 million directly in other comprehensive income. The gains were comprised of \$91 million of gains from changes in demographic assumptions, \$138 million of losses from changes in financial assumptions and \$160 million from gains on plan assets, excluding interest.



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**Expense recognized in the statements of comprehensive income**

The expense is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	13	14	14
General and administration expenses	58	61	127
<b>Total plan net expense</b>	<b>71</b>	<b>75</b>	<b>141</b>

The Group presents pension (income) expense in personnel costs, which are reported in cost of sales and general and administration expenses.

The plan net expense for the year ended December 31, 2016 was comprised of current service cost of \$10 million, administrative expense of \$32 million, interest expense of \$206 million and expense of \$65 million related to the assumption of the UCI Plans, partially offset by interest income of \$165 million and \$7 million of settlement gains.

During the year ended December 31, 2018, the plan net expense of the Pactiv Retirement Plan was \$62 million (2017: \$72 million; 2016: \$63 million).

In September 2017, the Group recorded a \$5 million pension settlement charge in general and administration expenses in connection with the purchase of a group annuity contract from an insurance company to settle \$308 million of the outstanding pension benefit obligations under the Pactiv Retirement Plan. The insurance company assumed the obligation to pay future pension benefits and provide administrative services for approximately 13,600 retirees and surviving beneficiaries who are currently receiving payments from this plan. The purchase was funded directly by plan assets.

In October and November 2017, the UCI Pension Plans settled retirement benefits with certain vested members through a voluntary lump-sum buyout of their benefits, resulting in the payment of \$60 million to those who elected to receive the buyout and a settlement gain of \$12 million which is included in the pension plan expense for 2017.

During the year ended December 31, 2016, the Pactiv Retirement Plan settled retirement benefits with certain vested members through a voluntary lump-sum buyout of their benefits, resulting in the payment of \$43 million from plan assets to those who elected to receive the buyout and a settlement gain of \$7 million which is included in the plan expense for 2016.

**Plan assets**

Plan assets consist of the following:

(In \$ million)	As of December 31,	
	2018	2017
Equity instruments	2,149	2,802
Debt instruments	658	616
Property	429	403
Other	273	169
<b>Total plan assets</b>	<b>3,509</b>	<b>3,990</b>

Approximately 98% of total plan assets are held by the Pactiv Retirement Plan. This plan's total assets include the following exposures: (i) \$2,108 million of exposure to equity markets, which includes exposure to \$1,989 million of U.S. equities held through a combination of listed equities and equity index funds, and exposure to approximately \$119 million of non-U.S. equities held through listed equities and unlisted index funds; (ii) \$641 million of exposure to debt instruments, which include investments in corporate bonds and high yield bonds both directly and through exchange traded funds; and (iii) \$422 million of exposure to property held through unlisted commingled funds. Other plan assets consist principally of cash and cash equivalents.

In addition to the above plan assets, the Group is required to hold assets as collateral against certain unfunded defined benefit obligations assumed as part of the Pactiv acquisition. As of December 31, 2018 and 2017, \$26 million and \$27 million in cash, respectively, included in other non-current assets in the statements of financial position, was held as collateral against these obligations.

**Actuarial assumptions — all plans**

	For the year ended December 31,		
	2018	2017	2016
Discount rates at December 31	0.5% - 9.6%	0.6% - 8.0%	0.6% - 8.0%

Future salary increases	0.0% - 6.2%	0.0% - 7.0%	0.0% - 7.0%
Future pension increases	0.0% - 1.8%	0.0% - 3.7%	0.0% - 3.7%

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The discount rate for the Pactiv Retirement Plan for the years ended December 31, 2018 and 2017 was 4.3% and 3.6%, respectively. Retirement benefits under the Pactiv Retirement Plan are frozen. Therefore, future salary increases and future pension increase assumptions have no effect on the retirement benefit obligation of that plan. The principal mortality rates assumed are the published mortality rates within the RP 2014 aggregate table with projection scale MP-2018 for 2018 and projection scale MP-2017 for 2017.

**Sensitivity analysis**

The assumed discount rate is an assumption that changes annually, and has an effect on the amounts of the defined benefit obligation. A one-half percentage point change in assumed discount rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	(6)	5
Increase (decrease) in the defined benefit obligation	(205)	224

The mortality tables used for the mortality assumption included projections of improved life expectancy. These tables are only changed infrequently; however, when they change they can have a significant impact on the plan liability. Estimates of the impact of mortality table changes are complex and difficult to measure. The Group does not expect changes to the mortality tables similar to those adopted in 2014 to occur in the next several years.

**16.3 Post-employment medical benefits**

The Group operates unfunded post-employment medical benefit plans mainly in the United States. The liability for the post-employment medical benefits has been assessed using the same assumptions as for the pension benefits, together with the assumption of a weighted average healthcare cost trend rate of 8.2% for the year ended December 31, 2018, 7.2% for the year ended December 31, 2017 and 7.0% for the year ended December 31, 2016.

The main actuarial assumption is the published mortality rates within the RP 2014 aggregate table with projection scale MP-2018 for 2018 and projection scale MP-2017 for 2017.

The Group expects to contribute \$6 million to the post-employment medical benefit plans during the annual period ending December 31, 2019.

**Movement in the post-employment medical obligations**

(In \$ million)	For the year ended December 31,	
	2018	2017
Liability for post-employment medical obligations as of the beginning of the year	106	105
Included in profit or loss:		
Current service cost	1	1
Interest cost	4	4
<b>Total expense recognized in profit or loss</b>	<b>5</b>	<b>5</b>
Remeasurement (gains) losses:		
Actuarial (gains) losses from changes in demographic assumptions	(4)	(6)
Actuarial (gains) losses from changes in financial assumptions	(7)	8
<b>Total remeasurement (gains) losses</b>	<b>(11)</b>	<b>2</b>
Other movements:		
Benefits paid by the plans	(6)	(6)
<b>Total other movements</b>	<b>(6)</b>	<b>(6)</b>
<b>Liability for post-employment medical obligations as of the end of the year</b>	<b>94</b>	<b>106</b>

For the year ended December 31, 2016, the Group recognized benefit plan expense of \$5 million related to post-employment medical obligations. The benefit plan expense was comprised of \$1 million of current service cost and \$4 million of interest cost.

For the year ended December 31, 2016, the Group recognized a remeasurement gain of \$5 million directly in other comprehensive income. The gain was comprised of \$7 million from changes in demographic assumptions net of \$2 million from changes in financial assumptions.

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Assumed health care cost trend rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one percentage point change in assumed health care cost trend rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	—	—
Increase (decrease) in the post-employment medical obligations	2	(2)

Discount rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one-half percentage point change in discount rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	—	—
Increase (decrease) in the post-employment medical obligations	(5)	5

#### 16.4 Defined contribution plans

The Group sponsors various defined contribution plans. During the year ended December 31, 2018, the Group recorded expense of \$65 million (2017: \$66 million; 2016: \$62 million) in relation to contributions to these plans in continuing operations in the statement of comprehensive income.

#### 16.5 Multi-employer plans

The Group also makes contributions, for some current and former employees, to union administered multi-employer pension plans based on negotiated labor contracts. While these plans provide for defined benefits, as a result of insufficient information the Group accounts for its participation in these plans as defined contribution plans. Specifically, the plans do not maintain IFRS accounting records and there is insufficient information to allocate amounts among employer participants. The Group, with union approval, has elected over the last several years to withdraw from virtually all of these multi-employer plans. Withdrawal creates a withdrawal liability obligation based upon guidelines outlined in the specific multi-employer plan.

The most significant of the multi-employer pension plans in which the Group participated was the PACE Industry Union-Management Pension Fund ("PIUMPF"), in which certain employees of both Evergreen and Pactiv Foodservice participated. Graham Packaging had withdrawn from this plan prior to the acquisition by the Group. Evergreen and Pactiv Foodservice reached agreements with the relevant unions, ratified by the unions in November 2013, to allow Evergreen and Pactiv Foodservice to withdraw from PIUMPF as of December 31, 2013. In December 2016, the Group and PIUMPF formally agreed and signed a Settlement Agreement and Release, which settles all prior matters relating to the pension withdrawal liability. The Group and PIUMPF agreed to a settlement of \$88 million, which was less than the previously-notified funding obligation, to be paid over 20 years reduced by amounts previously paid in 2015 and 2014. As a result, the Group has a liability of \$56 million as of December 31, 2018 (\$61 million as of December 31, 2017) for the present value of such future payments. If PIUMPF suffers a "mass withdrawal" (as defined in the Employee Retirement Income Security Act) prior to January 1, 2016, the Group's annual payment will continue until the end of the year in which the assets (exclusive of the withdrawal liability claims) are sufficient to meet all obligations, as determined by the Pension Benefit Guaranty Corporation. As of February 13, 2019, the Group has not received any notification that PIUMPF has suffered a mass withdrawal. If one did occur, the aggregate amount of the Group's required payments could increase and the increase could be material.

The Group has a withdrawal liability of \$8 million for its withdrawal from the other multi-employer plans.

For all of its multi-employer pension plans, the Group expects to make payments of approximately \$4 million annually over the next 17 years.

#### 17. Provisions

(In \$ million)	Asset retirement obligations	Restructuring	Workers' compensation	Other	Total
<b>Balance as of December 31, 2017</b>	<b>44</b>	<b>19</b>	<b>42</b>	<b>23</b>	<b>128</b>
Provisions made	—	16	13	10	39
Provisions used	—	(16)	(15)	(6)	(37)
Provisions reversed	—	(5)	(1)	(1)	(7)
Other	1	—	(2)	1	—
<b>Balance as of December 31, 2018</b>	<b>45</b>	<b>14</b>	<b>37</b>	<b>27</b>	<b>123</b>
Current	5	11	11	16	43
Non-current	40	3	26	11	80

<b>Total provisions as of December 31, 2018</b>	<b>45</b>	<b>14</b>	<b>37</b>	<b>27</b>	<b>123</b>
Current	2	13	13	11	39
Non-current	42	6	29	12	89
<b>Total provisions as of December 31, 2017</b>	<b>44</b>	<b>19</b>	<b>42</b>	<b>23</b>	<b>128</b>

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**Other provisions**

Other provisions as of December 31, 2018 included \$6 million of environmental remediation programs (2017: \$7 million).

**18. Equity**

**18.1 Share capital**

The reported share capital balance as of December 31, 2018 is that of the Company.

Further information regarding the Company's issued capital is detailed below:

Number of shares	For the year ended December 31,		
	2018	2017	2016
Balance at the beginning of the year	382,995	382,995	382,995
Changes in shares	—	—	—
<b>Balance at the end of the year</b>	<b>382,995</b>	<b>382,995</b>	<b>382,995</b>

All issued shares are fully paid and have no par value.

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to the Company's residual assets in the event of a wind-up.

**18.2 Dividends**

There were no dividends declared or paid by the Company during any years presented.

**18.3 Capital management**

The Directors are responsible for monitoring and managing the Group's capital structure. Capital is comprised of equity and external borrowings.

The Directors' policy is to maintain an acceptable capital base to promote the confidence of the Group's financiers and creditors and to sustain the future development of the business. The Directors monitor the Group's financial position to ensure that it complies at all times with its financial and other covenants as set out in its financing arrangements.

In order to maintain or adjust the capital structure, the Directors may elect to take a number of measures including, for example, to dispose of assets or operating segments of the business, alter its short to medium term plans with respect to capital projects and working capital levels, or re-balance the level of equity and external debt in place.

**19. Financial risk management**

**19.1 Overview**

This note presents information about the Group's exposure to market risk, credit risk and liquidity risk, and where applicable, the Group's objectives, policies and procedures for managing these risks.

Exposure to market, credit and liquidity risks arises in the normal course of the Group's business. The Directors of the Group and the ultimate parent entity have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Directors have established a treasury policy that identifies risks faced by the Group and sets out policies and procedures to mitigate those risks. Risk management is primarily carried out by the treasury function of the Group. The Directors have delegated authority levels and authorized the use of various financial instruments to a restricted number of personnel within the treasury function.

Monthly combined treasury reports are prepared for the Directors and officers of the Group, who ensure compliance with the risk management policies and procedures.

**19.2 Market risk**

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and commodity prices, will affect the Group's cash flows or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group buys and sells derivatives in the ordinary course of business to manage market risks. The Group does not enter into derivative contracts for speculative purposes.





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**(a) Foreign currency exchange rate risk**

As a result of the Group's international operations, foreign currency exchange risk exposures exist on sales, purchases, financial assets and borrowings that are denominated in currencies that are not the functional currency of that subsidiary. In these circumstances, a change in exchange rates would impact the profit or loss component of the Group's statement of comprehensive income.

In accordance with the Group's treasury policy, the Group takes advantage of natural offsets to the extent possible. Therefore, when commercially feasible, the Group borrows in the same currencies in which cash flows from operations are generated. On a limited basis, the Group uses derivatives to hedge residual foreign currency exchange risk arising from receipts and payments denominated in foreign currencies. The Group generally does not hedge its exposure to translation gains or losses in respect of its non-U.S. dollar functional currency assets or liabilities. Additionally, when considered appropriate, the Group may enter into derivatives to hedge foreign currency exchange risk arising from specific transactions.

The Group is also exposed to foreign currency exchange risk on certain intercompany borrowings between certain of its entities with different functional currencies.

**(b) Interest rate risk**

The Group's interest rate risk arises from long-term borrowings at both fixed and floating rates and from deposits which earn interest at floating rates. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group has exposure to both floating and fixed interest rates on borrowings primarily denominated in the U.S. dollar and the euro. Interest rate risk on borrowings at floating rates is partially offset by interest on cash deposits also earned at floating rates.

The Group has adopted a policy to ensure that at least 50% of its overall exposure to changes in interest rates on borrowings is on a fixed rate basis.

The following table sets out the Group's interest rate risk repricing profile:

(In \$ million)	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2018</b>					
<b>Fixed rate instruments</b>					
Borrowings	(6,377)	(2)	(3,488)	(1,604)	(1,283)
<b>Total fixed rate instruments</b>	<b>(6,377)</b>	<b>(2)</b>	<b>(3,488)</b>	<b>(1,604)</b>	<b>(1,283)</b>
<b>Floating rate instruments</b>					
Cash and cash equivalents	783	783	—	—	—
Related party receivables	91	91	—	—	—
Borrowings	(4,699)	(4,699)	—	—	—
<b>Total floating rate instruments</b>	<b>(3,825)</b>	<b>(3,825)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(10,202)</b>	<b>(3,827)</b>	<b>(3,488)</b>	<b>(1,604)</b>	<b>(1,283)</b>
<b>As of December 31, 2017</b>					
<b>Fixed rate instruments</b>					
Borrowings	(6,694)	(19)	(3,141)	(650)	(2,884)
<b>Total fixed rate instruments</b>	<b>(6,694)</b>	<b>(19)</b>	<b>(3,141)</b>	<b>(650)</b>	<b>(2,884)</b>
<b>Floating rate instruments</b>					
Cash and cash equivalents	617	617	—	—	—
Related party receivables	65	65	—	—	—
Borrowings	(4,746)	(4,746)	—	—	—
<b>Total floating rate instruments</b>	<b>(4,064)</b>	<b>(4,064)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(10,758)</b>	<b>(4,083)</b>	<b>(3,141)</b>	<b>(650)</b>	<b>(2,884)</b>

The Group's sensitivity to interest rate risk can be expressed in two ways:

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**Fair value sensitivity analysis**

A change in interest rates impacts the fair value of the Group's fixed rate borrowings. Given all debt instruments are carried at amortized cost, a change in interest rates would not impact the profit or loss component of the statement of comprehensive income.

**Cash flow sensitivity analysis**

A change in interest rates would impact future interest payments and receipts on the Group's floating rate liabilities and assets. An increase or decrease in interest rates of 100 basis points at the reporting date would impact the statement of comprehensive income result and equity by the amounts described below, based on the assets and liabilities held at the reporting date, and a one-year timeframe. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. The analysis is performed on the same basis for comparative years.

The underlying rate for the Floating Rate Senior Secured Notes due 2021 is the three-month Dollar LIBO Rate. As of December 31, 2018, the three-month Dollar LIBO Rate was 2.44%. In July 2016, the Group entered into a \$750 million interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While the Group has elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is fixed at 4.670% from October 15, 2016.

The underlying rates for the Credit Agreement are the one-month LIBOR and EURIBOR, which as of December 31, 2018 were 2.52% and (0.36)%, respectively. Based on the Group's outstanding debt commitments as of December 31, 2018, a one-year timeframe and all other variables, in particular foreign currency exchange rates, remaining constant, a 100 basis point increase in interest rates would result in a \$32 million increase in interest expense on the U.S. term loan and a \$2 million increase in interest expense on the European term loan under the Credit Agreement. A 100 basis point decrease in interest rates would result in a \$32 million decrease in interest expense on the U.S. term loan and would have no impact on interest expense for the European term loan due to the EURIBOR floor under the Credit Agreement.

The underlying rate for the Securitization Facility is the one-month LIBOR. As of December 31, 2018, the applicable one-month LIBOR was 2.47%. Based on the Group's outstanding debt commitments under the Securitization Facility as of December 31, 2018, a one-year timeframe and all other variables remaining constant, a 100 basis point increase (decrease) in the underlying interest rate would result in a \$4 million increase (decrease) in interest expense.

**(c) Commodity and other price risk**

Commodity and other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Group's exposure to commodity and other price risk arises principally from the purchase of resin, natural gas and aluminum. The Group generally purchases commodities at spot market prices and does not use commodity financial instruments or derivatives to hedge commodity prices, except for the items in the table below.

The Group's objective is to ensure that its commodity and other price risk exposure is kept at an acceptable level. In accordance with the Group's treasury policy, the Group enters into derivative instruments to reduce the Group's exposure in relation to the cost of resin (and its components), natural gas, diesel, electricity and aluminum. These derivatives are implemented to either (a) mitigate the impact of the lag in timing between when raw material costs change and when the Group can pass on these raw material costs changes to its customers or (b) fix the Group's input costs for a period of time.

The following table provides the detail of outstanding commodity derivative contracts as of December 31, 2018:

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
High density polyethylene swaps	pound	9,600,000	\$0.85 - \$0.85	Jan 2019 - Dec 2019
Aluminum swaps	metric tonne	34,711	\$1,925.00 - \$2,499.50	Jan 2019 - Dec 2019
Aluminum Midwest Premium swaps	metric tonne	4,126	\$403.45 - \$407.85	Jan 2019 - Dec 2019
Natural gas swaps	million BTU	3,508,032	\$2.58 - \$3.14	Jan 2019 - Dec 2019
Ethylene	pound	2,730,973	\$0.29 - \$0.29	Jan 2019 - Apr 2019
Polymer-grade propylene swaps	pound	29,590,584	\$0.44 - \$0.61	Jan 2019 - Jun 2019
Benzene swaps	U.S. liquid gallon	9,826,568	\$2.24 - \$3.07	Feb 2019 - Sep 2019
Diesel swaps	U.S. liquid gallon	5,020,626	\$2.88 - \$3.42	Jan 2019 - Dec 2019
Low-density polyethylene swaps	pound	18,000,000	\$0.85 - \$0.93	Jan 2019 - Dec 2019

The fair values of the derivative contracts are derived from inputs based on quoted market prices or traded exchange market prices and represent the estimated amounts that the Group would pay or receive to terminate the contracts. During the year ended December 31, 2018, the Group recognized an

unrealized loss of \$22 million (2017: unrealized gain of \$1 million; 2016: unrealized gain of \$22 million) as a component of net other income (expenses) in the statements of comprehensive income. During the year ended December 31, 2018, the Group recognized a realized loss

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of \$18 million (2017: realized gain of \$20 million; 2016: realized loss of \$17 million) as a component of cost of sales in the statements of comprehensive income.

A 10% upward (downward) movement in the price curve used to value the commodity derivative contracts, applied as of December 31, 2018, would have resulted in a \$2 million change in unrealized gains recognized in the statement of comprehensive income assuming all other variables remain constant.

### 19.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and related entities.

Given the diverse global operations and customers across the Group, the Directors have delegated authority for credit control procedures to each of the segments within the Group, subject to certain Group-determined limits. Each operating business is responsible for managing its own credit control procedures. These include, but are not limited to, reviewing the individual characteristics of new customers for creditworthiness before accepting the customer and agreeing upon purchase limits and terms of trade. If considered appropriate the operating business may take out insurance for specific debtors.

Generally, the Group does not require collateral with respect to trade and other receivables. Goods are generally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. For certain sales letters of credit are obtained.

The Group's exposure to credit risk is primarily in its trade and other receivables and is influenced mainly by the individual characteristics of each customer. Historically there has been a low level of losses resulting from default by customers and related entities. The carrying amount represents the maximum credit exposure. Refer to note 10 for additional information.

The Group limits its exposure to credit risk by making deposits and entering into derivative instruments with counterparties that have a credit rating of at least investment grade. Given these high credit ratings, management does not expect any such counterparty to fail to meet its obligations.

### 19.4 Liquidity risk

Liquidity risk is the risk that the Group will not meet its contractual obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due.

The Group evaluates its liquidity requirements on an ongoing basis using both a 13-week rolling forecast and a 12-month rolling forecast and ensures that it has sufficient cash on hand to meet expected operating expenses, including the servicing of financial obligations. As of December 31, 2018, the Group had \$783 million of cash and cash equivalents on hand.

The Group's cash flows from operations and existing cash, together with other available external financing sources, will be adequate to meet the Group's liquidity needs for the next year. It also has credit lines in place to cover potential shortfalls. As of December 31, 2018, the Group had undrawn lines of credit under the revolving facility of the Credit Agreement totaling \$244 million and undrawn availability under the Securitization Facility. In addition, the Group has local working capital facilities in various jurisdictions which are available if needed to support the cash management of local operations.

The following table sets out contractual cash flows for all financial liabilities including commodity and foreign currency derivatives:

(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2018</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,139)	(1,014)	(1,014)	—	—	—
Borrowings, including interest	(11,035)	(14,302)	(1,118)	(5,459)	(6,281)	(1,444)
	<b>(12,174)</b>	<b>(15,316)</b>	<b>(2,132)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	—	8	8	—	—	—
Outflows	(17)	(25)	(25)	—	—	—
	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,191)</b>	<b>(15,333)</b>	<b>(2,149)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>

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(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2017</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,092)	(960)	(960)	—	—	—
Borrowings, including interest	(11,389)	(14,253)	(1,069)	(4,394)	(2,172)	(6,618)
	<b>(12,481)</b>	<b>(15,213)</b>	<b>(2,029)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	5	7	7	—	—	—
Outflows	—	(2)	(2)	—	—	—
	<b>5</b>	<b>5</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,476)</b>	<b>(15,208)</b>	<b>(2,024)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>

**19.5 Classification and fair values**

(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2018</b>					
<b>Assets</b>					
Cash and cash equivalents	—	783	—	783	783
Current and non-current receivables	—	1,232	—	1,232	1,232
Derivative financial assets:					
Commodity derivatives	1	—	—	1	1
Interest rate swap derivatives	28	—	—	28	28
Embedded derivatives	12	—	—	12	12
<b>Total assets</b>	<b>41</b>	<b>2,015</b>	<b>—</b>	<b>2,056</b>	<b>2,056</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,139)	(1,139)	(1,139)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(18)	—	—	(18)	(18)
Borrowings	—	—	(11,035)	(11,035)	(10,933)
<b>Total liabilities</b>	<b>(18)</b>	<b>—</b>	<b>(12,219)</b>	<b>(12,237)</b>	<b>(12,135)</b>

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(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2017</b>					
<b>Assets</b>					
Cash and cash equivalents	—	617	—	617	617
Current and non-current receivables	—	1,224	—	1,224	1,224
Derivative financial assets:					
Commodity derivatives	7	—	—	7	7
Interest rate swap derivatives	26	—	—	26	26
Embedded derivatives	259	—	—	259	259
<b>Total assets</b>	<b>292</b>	<b>1,841</b>	<b>—</b>	<b>2,133</b>	<b>2,133</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,092)	(1,092)	(1,092)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(2)	—	—	(2)	(2)
Borrowings	—	—	(11,389)	(11,389)	(11,696)
<b>Total liabilities</b>	<b>(2)</b>	<b>—</b>	<b>(12,526)</b>	<b>(12,528)</b>	<b>(12,835)</b>

The methods used in determining fair values of financial instruments are disclosed in note 3.3 and note 3.4.

**19.6 Fair value measurements recognized in the statement of comprehensive income**

The following table sets out an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value and are grouped into levels based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(In \$ million)	Level 1	Level 2	Level 3	Total
<b>As of December 31, 2018</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	(17)	—	(17)
Interest rate swap derivatives, net	—	28	—	28
Embedded derivatives	—	12	—	12
<b>Total</b>	<b>—</b>	<b>23</b>	<b>—</b>	<b>23</b>

<b>As of December 31, 2017</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	5	—	5
Foreign currency derivatives, net	—	—	—	—
Interest rate swap derivatives, net	—	26	—	26



Embedded derivatives	—	259	—	259
<b>Total</b>	<b>—</b>	<b>290</b>	<b>—</b>	<b>290</b>

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There were no transfers between any levels during the years ended December 31, 2018 and 2017. There have been no changes in the classifications of financial instruments as a result of a change in the purpose or use of these instruments.

**20. Related parties**

**Parent and ultimate controlling party**

The immediate parent of the Company is RGHL, the ultimate parent of the Company is Packaging Holdings Limited and the ultimate shareholder is Mr. Graeme Hart.

**Transactions with key management personnel**

Key management personnel compensation was comprised of:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Short-term employee benefits	13	15	17
Long-term employee benefits	3	3	4
<b>Total compensation expense to key management personnel</b>	<b>16</b>	<b>18</b>	<b>21</b>

Certain key management personnel are compensated by related party entities outside of the Group and it is not possible to make a reasonable apportionment of their compensation in respect of the Group. Accordingly, the above amounts include no compensation in respect of these individuals.

There were no other transactions with key management personnel during the years ended December 31, 2018, 2017 and 2016.

**Related party transactions**

The entities and types of transactions with which the Group entered into related party transactions during the years are detailed below. All related parties detailed below have a common ultimate shareholder, except for the joint ventures.

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(In \$ million)	Transaction value for the year ended December 31,			Balance outstanding as of December 31,	
	2018	2017	2016	2018	2017
<b>Balances and transactions with immediate and ultimate parent entities</b>					
Included in trade and other receivables, net				—	—
Loans advanced <sup>(a)</sup>	—	—	45		
Included in related party and other non-current receivables				91	65
Loans advanced <sup>(a)</sup>	23	18	—		
Interest income <sup>(a)</sup>	4	2	—		
Included in trade and other payables				(9)	(9)
Management fee <sup>(b)</sup>	(8)	(9)	(13)		
Tax loss transfer	—	—	(16)		
<b>Balances and transactions with joint ventures</b>					
Included in trade and other receivables, net				12	8
Sale of goods and services <sup>(c)</sup>	28	22	24		
<b>Balances and transactions with Rank Group Limited</b>					
Included in trade and other payables				—	—
Recharges <sup>(d)</sup>	(1)	(1)	—		
<b>Balances and transactions with Rank Group North America, Inc.</b>					
Included in trade and other receivables, net				—	—
Recharges	2	1	4		
Included in trade and other payables				—	—
Recharges <sup>(d)</sup>	(17)	(16)	(15)		
<b>Balances and transaction with Beverage Packaging Holdings (Luxembourg) II S.A.</b>					
Included in trade and other payables				—	—
Recharges	—	—	(3)		
Included in borrowings				—	—
Interest expense <sup>(e)</sup>	—	—	(47)		
<b>Balances and transactions with other related parties</b>					
Included in trade and other receivables, net				1	—
Recharges	5	5	3		

(a) From 2016 to 2018, the Group lent RGHL an aggregate amount of \$86 million. In October 2018, the outstanding loans were refinanced and combined into one loan balance. This loan accrues interest at a rate of 2.75% plus one-month Dollar LIBOR and is repayable on August 31, 2021. During the year ended December 31, 2018, interest was charged at 4.56% to 5.56% (2017: 3.98% to 4.63%).

(c) In 2016, the Group entered into a service agreement with RGHL for management, consulting, monitoring and advisory services. The agreement has an automatic annual renewal, unless either party provides notice 30 days prior to expiry. Services are charged based on costs incurred plus a mark-up.

(d) All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(e) Represents certain costs paid by Rank Group Limited or Rank Group North America, Inc. on behalf of the Group that were subsequently recharged to the Group. These charges are for various costs incurred including services provided, financing and other activities. All amounts are unsecured, non-interest bearing and settled on normal trade terms.

(f) Refer to note 8 for further details on the Group's related party borrowing expenses.

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**21. Group entities**

	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest (%)
			2018	2017	2018
Alusud Argentina S.R.L.	Dec-31	Argentina	100	100	100
Graham Packaging Argentina S.R.L.	Dec-31	Argentina	100	100	100
Gulf Closures W.L.L. <sup>(a)</sup>	Dec-31	Bahrain	49	49	49
Graham Packaging Belgium BVBA	Dec-31	Belgium	100	100	100
Graham Packaging Lummen BVBA	Dec-31	Belgium	100	100	100
Closure Systems International (Brazil) Sistemas de Vedacao Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging do Brasil Indústria e Comércio Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging Paraná Ltda. <sup>(b)</sup>	Dec-31	Brazil	—	100	—
Resin Rio Comercio Ltda. <sup>(b)</sup>	Dec-31	Brazil	—	100	—
CSI Latin American Holdings Corporation	Dec-31	British Virgin Islands	100	100	100
Evergreen Packaging Canada Limited	Dec-31	Canada	100	100	100
Graham Packaging Canada Company	Dec-31	Canada	100	100	100
Pactiv Canada Inc.	Dec-31	Canada	100	100	100
Reynolds Consumer Products Canada Inc.	Dec-31	Canada	100	100	100
Alusud Embalajes Chile Ltda.	Dec-31	Chile	100	100	100
Closure Systems International (Guangzhou) Limited <sup>(c)</sup>	Dec-31	China	—	100	—
CSI Closure Systems (Hangzhou) Co., Ltd.	Dec-31	China	100	100	100
CSI Closure Systems (Tianjin) Co., Ltd. <sup>(c)</sup>	Dec-31	China	—	100	—
Evergreen Packaging (Shanghai) Co., Ltd.	Dec-31	China	100	100	100
Graham Packaging (Guangzhou) Co., Ltd. <sup>(c)</sup>	Dec-31	China	—	100	—
Graham Packaging (Taizhou) Co., Ltd.	Dec-31	China	100	100	100
Reynolds Metals (Shanghai) Ltd.	Dec-31	China	100	100	100
Techne Machineries Foshan Ltd (in liquidation) <sup>(d)</sup>	Dec-31	China	100	100	100
Zhejiang Zhongbao Pactiv Packaging Co., Ltd.	Dec-31	China	62.5	62.5	62.5
Alusud Embalajes Colombia Ltda.	Dec-31	Colombia	100	100	100
Closure Systems International (Colombia Trade) S.A.S.	Dec-31	Colombia	100	100	100
CSI Closure Systems Manufacturing de Centro America, Sociedad de Responsabilidad Limitada	Dec-31	Costa Rica	100	100	100
Closure Systems International (Egypt) LLC	Dec-31	Egypt	100	100	100
Evergreen Packaging de El Salvador, S.A. de C.V.	Dec-31	El Salvador	100	100	100
Graham Packaging Company Oy	Dec-31	Finland	100	100	100
Graham Packaging Europe S.N.C.	Dec-31	France	100	100	100
Graham Packaging France S.A.S.	Dec-31	France	100	100	100
Graham Packaging Normandy S.A.R.L.	Dec-31	France	100	100	100
Graham Packaging Villecomtal S.A.R.L.	Dec-31	France	100	100	100
Closure Systems International Machinery (Germany) GmbH	Dec-31	Germany	100	100	100
Pactiv Deutschland Holdinggesellschaft mbH	Dec-31	Germany	100	100	100
Pactiv-Omni Germany Holdings GmbH <sup>(b)</sup>	Dec-31	Germany	—	100	—

Closure Investment Holdings (Hong Kong) Limited <sup>(e)</sup>	Dec-31	Hong Kong	100	100	100
GP Asia Limited <sup>(f)</sup>	Dec-31	Hong Kong	100	100	100
Roots Investment Holding Private Limited <sup>(c)</sup>	Dec-31	Hong Kong	—	100	—
Technegen International Limited	Dec-31	Hong Kong	100	100	100
CSI Hungary Manufacturing and Trading Limited Liability Company	Dec-31	Hungary	100	100	100
Closure Systems International (I) Private Limited <sup>(c)</sup>	Mar-31	India	—	100	—
PT. Graham Packaging Indonesia	Dec-31	Indonesia	100	100	100

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

Closure Systems International Japan, Limited	Dec-31	Japan	100	100	100
Closure Systems International (Korea), Ltd. <sup>(c)</sup>	Dec-31	Korea	—	100	—
Evergreen Packaging Korea Limited	Dec-31	Korea	100	100	100
Graham Packaging European Holdings (Luxembourg) S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) I S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) II S.à r.l.	Dec-31	Luxembourg	100	100	100
CSI en Ensenada, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI en Saltillo, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI Tecniservicio, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Graham Packaging Plastic Products de Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Grupo Corporativo Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Grupo CSI de México, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Innovación y Asesoría en Plástico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Foodservice Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicio Terrestre Jaguar, S.A. de C.V. <sup>(b)</sup>	Dec-31	Mexico	—	100	—
Servicios Graham Packaging, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicios Industriales Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Servicios Integrales de Operacion, S.A. de C.V.	Dec-31	Mexico	100	100	100
Closure Systems International Nepal Private Limited <sup>(c)</sup>	Jul-16	Nepal	—	100	—
Graham Packaging Holdings B.V.	Dec-31	Netherlands	100	100	100
Graham Packaging Zoetermeer B.V.	Dec-31	Netherlands	100	100	100
Beverage Packaging (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Factoring Trust <sup>(g)</sup>	Dec-31	New Zealand	—	—	—
Beverage Packaging Holdings III Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Holdings V Limited	Dec-31	New Zealand	100	100	100
Closure Systems International Limited	Dec-31	New Zealand	100	100	100
Evergreen Packaging International Limited	Dec-31	New Zealand	100	100	100
Reynolds Group Issuer (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Reynolds Packaging I Limited <sup>(h)</sup>	Dec-31	New Zealand	100	—	100
Reynolds Packaging International Limited	Dec-31	New Zealand	100	100	100
Alusud Peru S.A.	Dec-31	Peru	100	100	100
Closure Systems International (Philippines), Inc. <sup>(c)</sup>	Dec-31	Philippines	—	100	—
Graham Packaging Poland Sp. z o.o.	Dec-31	Poland	100	100	100
CSI Vostok Limited Liability Company (in liquidation) <sup>(d)</sup>	Dec-31	Russia	100	100	100
Pactiv Asia Pte Ltd	Dec-31	Singapore	100	100	100
Closure Systems International España, S.L.U.	Dec-31	Spain	100	100	100
Closure Systems International Holdings (Spain), S.A.U. <sup>(b)</sup>	Dec-31	Spain	—	100	—
Graham Packaging Iberica S.L.	Dec-31	Spain	100	100	100
Reynolds Food Packaging Spain, S.L.U. <sup>(c)</sup>	Dec-31	Spain	—	100	—
Evergreen Packaging (Taiwan) Co., Ltd.	Dec-31	Taiwan	100	100	100

Closure Systems International Plastik İthalat İhracat Sanayi Ve Ticaret Limited Sirketi	Dec-31	Turkey	100	100	100
Graham Packaging European Services Limited	Dec-31	United Kingdom	100	100	100
Graham Packaging Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Ivex Holdings, Ltd. <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Ivex Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Kama Europe Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Pactiv (Films) Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Baker's Choice Products, Inc. <sup>(b)</sup>	Dec-31	U.S.A.	—	100	—
BCP/Graham Holdings LLC	Dec-31	U.S.A.	100	100	100
Blue Ridge Holding LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
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Blue Ridge Paper Products LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
BRPP, LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Americas, Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Holdings LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Packaging Machinery Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems Mexico Holdings LLC	Dec-31	U.S.A.	100	100	100
Coast-Packaging Company (California General Partnership) <sup>(a)</sup>	Dec-31	U.S.A.	50	50	50
CSI Mexico LLC	Dec-31	U.S.A.	100	100	100
CSI Sales & Technical Services Inc.	Dec-31	U.S.A.	100	100	100
Evergreen Packaging LLC <sup>(k)</sup>	Dec-31	U.S.A.	100	100	100
GEC Packaging Technologies LLC	Dec-31	U.S.A.	100	100	100
GPC Opco GP LLC	Dec-31	U.S.A.	100	100	100
GPC Sub GP LLC	Dec-31	U.S.A.	100	100	100
GPC US LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Europe LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Company, L.P.	Dec-31	U.S.A.	100	100	100
Graham Packaging Holdings Company	Dec-31	U.S.A.	100	100	100
Graham Packaging International Plastics Products Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Latin America, LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Leasing USA LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging PET Technologies Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Plastic Products LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging PX Company	Dec-31	U.S.A.	100	100	100
Graham Packaging PX Holding Corporation	Dec-31	U.S.A.	100	100	100
Graham Packaging PX, LLC	Dec-31	U.S.A.	100	100	100
Pactiv International Holdings Inc. <sup>(b)</sup>	Dec-31	U.S.A.	—	100	—
Pactiv LLC	Dec-31	U.S.A.	100	100	100
Pactiv Management Company LLC	Dec-31	U.S.A.	100	100	100
Pactiv Packaging Inc.	Dec-31	U.S.A.	100	100	100
PCA West Inc.	Dec-31	U.S.A.	100	100	100
RenPac Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products Holdings LLC	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products LLC	Dec-31	U.S.A.	100	100	100
Reynolds Group Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer LLC	Dec-31	U.S.A.	100	100	100
Reynolds Manufacturing, Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Presto Products Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Services Inc.	Dec-31	U.S.A.	100	100	100
Southern Plastics Inc.	Dec-31	U.S.A.	100	100	100



- (a) The Group has the control and it has the power to govern the financial and operating policies of the entity.
- (b) Merged during the year with another entity in the Group.
- (c) Sold during the year.
- (d) In voluntary liquidation.
- (e) Name changed during the year from Closure Systems International (Hong Kong) Limited.
- (f) Name changed during the year from Graham Packaging Asia Limited.
- (g) Included as a group entity on the basis that Beverage Packaging Holdings I Limited is the manager and beneficiary of this entity.
- (h) Incorporated during the year.
- (i) Name changed during the year from Blue Ridge Holding Corp.
- (j) Name changed during the year from Blue Ridge Paper Products Inc.
- (k) Name changed during the year from Evergreen Packaging Inc.

**Beverage Packaging Holdings I Limited**  
**Notes to the consolidated financial statements**  
**For the year ended December 31, 2018**

**22. Operating leases**

Non-cancellable operating lease rentals are payable as follows:

(In \$ million)	As of December 31,	
	2018	2017
Less than one year	104	110
Between 1 and 5 years	229	244
More than 5 years	50	63
<b>Total</b>	<b>383</b>	<b>417</b>

During the year ended December 31, 2018, \$146 million of operating lease expense was recognized in the statement of comprehensive income as a component of profit or loss (2017: \$133 million; 2016: \$114 million).

**23. Capital commitments**

As of December 31, 2018, the Group had entered into contracts to incur capital expenditures of \$159 million (2017: \$155 million) for the acquisition of property, plant and equipment. These commitments are expected to be settled in the following financial year.

**24. Contingencies**

**Security and guarantee arrangements**

Certain members of the Group have entered into guarantee and security arrangements in respect of the Group's indebtedness (refer to note 15 for additional information).

**Other matters**

The Group is party to litigation, legal proceedings and tax examinations arising from its operations. The Group establishes provisions for claims and proceedings that constitute a present obligation when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of such obligation can be made. While it is not possible to predict the outcome of any of these matters, based on management's assessment of the facts and circumstances now known, management does not believe any of these matters, individually or in the aggregate, will have a material adverse effect on the Group's financial position, results of operations or cash flows. However, actual outcomes may differ from those expected and could have a material effect on the Group's financial position, results of operations or cash flows in a particular future period. As of December 31, 2018, except for amounts provided, there were no legal proceedings pending other than those for which the Group has determined that the possibility of a material outflow is remote.

As part of the agreements for the sale of various businesses, the Group has provided certain warranties and indemnities to the respective purchasers as set out in the respective sale agreements. These warranties and indemnities are subject to various terms and conditions affecting the duration and total amount of the indemnities. As of December 31, 2018, the Group is not aware of any material claims under these agreements that would give rise to an additional liability. However, if such claims arise in the future, they could have a material effect on the Group's financial position, results of operations and cash flows.

**25. Subsequent events**

There have been no events subsequent to December 31, 2018 which would require accrual or disclosure in these consolidated financial statements.

# Certificate of Incorporation

EVERGREEN PACKAGING INTERNATIONAL LIMITED 6470132

NZBN: 9429046384331

This is to certify that EVERGREEN PACKAGING INTERNATIONAL LIMITED was incorporated under the Companies Act 1993  
on the 29th day of September 2017.

**Registrar of Companies** 14th day of January 2019

Certificate generated 14 January 2019 02:54 PM NZDT

# Certificate of Incorporation

REYNOLDS PACKAGING I LIMITED 7129914

NZBN: 9429047138155

This is to certify that REYNOLDS PACKAGING I LIMITED was incorporated under the Companies Act 1993 on the 16th day of November 2018.

**Registrar of Companies** 14th day of January 2019

Certificate generated 14 January 2019 02:53 PM NZDT

# Constitution

of

**Reynolds Packaging I Limited**

This document is the Constitution of Reynolds Packaging I Limited as certified as such on day of by Bryce McCheyne Murray the Applicant for registration of the Company pursuant to the Companies Act 1993.

Certified as the Constitution of the Company

//s// Bryce McCheyne Murray  
Bryce McCheyne Murray – the Applicant

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# Constitution of Reynolds Packaging I Limited

## 1. Interpretation

### 1.1 Definitions

In this Constitution, unless the context otherwise requires:

**Act** means the Companies Act 1993;

**Alternate Director** means a person appointed as an alternate of a Director pursuant to clause 7.4;

**Board** means Directors who number not less than the required quorum acting together as the board of directors of the Company;

**Class** means a class of Shares having attached to them identical rights, privileges, limitations and conditions;

**Company** means Reynolds Packaging I Limited;

**Constitution** means this constitution, as altered from time to time;

**Director** means a person appointed as a director of the Company;

**Interested** has the meaning set out in section 139 of the Act (and **Interest** shall be interpreted accordingly);

**Ordinary Resolution** means a resolution passed by a simple majority of the votes of Shareholders entitled to vote and voting on the resolution;

**Major Shareholder** means a person whose name is entered in the share register as the holder for the time being of all of the Shares;

**Share** means a share issued, or to be issued, by the Company;

**Shareholder** means a person whose name is entered in the share register as the holder for the time being of one or more Shares; and

**Special Resolution** means a resolution passed by a majority of 75% or more of the votes of those Shareholders entitled to vote and voting on the resolution.

### 1.2 Construction

In this Constitution, unless the context otherwise requires:

- (a) the headings appear as a matter of convenience and shall not affect the construction of this Constitution;





- (b) in the absence of an express indication to the contrary, references to clauses or paragraphs are to clauses and paragraphs of this Constitution;
- (c) a reference to any statute, statutory regulations or other statutory instrument includes the statute, statutory regulations or instrument as from time to time amended or re-enacted or substituted;
- (d) the singular includes the plural and vice versa and one gender includes the other genders;
- (e) the words written and writing include facsimile communications and any other means of communication resulting in permanent visible reproduction;
- (f) the word person includes any association of persons whether corporate or unincorporate, and any state or government or department or agency thereof, whether or not having separate legal personality;
- (g) words or expressions defined in the Act have the same meaning in this Constitution.

## 2. **Companies Act 1993**

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The Company, the Board, each Director and each Shareholder have the rights, powers, duties and obligations set out in the Act except to the extent that they are negated or modified by the Constitution.

## 3. **Rights attaching to Shares**

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Subject to the rights of Shares which confer special rights, each Share confers on the holder the right to:

- (a) one vote on a poll at a meeting of the Shareholders on any resolution, including any resolution to:
  - (i) appoint or remove a Director or auditor; or
  - (ii) adopt a constitution; or
  - (iii) alter the Company's constitution; or
  - (iv) approve a major transaction; or
  - (v) approve an amalgamation of the Company under section 221 of the Act; or
  - (vi) put the Company into liquidation;
- (b) an equal share in dividends authorised by the Board; and
- (c) an equal share in the distribution of the surplus assets of the Company.

Each Shareholder has the right to receive notice of and attend every meeting of Shareholders.

## **4. Issue, consolidation, subdivision, repurchase and transfer of Shares**

### **4.1 Issue of new Shares**

Further Shares in the Company, including different Classes of Shares and Shares which:

- (a) rank equally with, or in priority to, existing Shares; or
- (b) have deferred, preferred or other special rights or restrictions, whether as to voting rights or distributions or otherwise; or
- (c) confer preferential rights to distributions of capital or income; or
- (d) confer special, limited or conditional voting rights; or
- (e) do not confer voting rights; or
- (f) are redeemable in accordance with section 68 of the Act,

may be issued by the Board.

### **4.2 Consolidation and subdivision of Shares**

The Board may:

- (a) consolidate and divide the Shares or Shares of any Class in proportion to those Shares or the Shares in that Class; or
- (b) subdivide the Shares or Shares of any Class in proportion to those Shares or the Shares in that Class.

### **4.3 Bonus issues**

The Board may resolve to apply any amount which is available for distribution to Shareholders either:

- (a) in paying up in full Shares or other securities of the Company to be issued credited as fully paid to:
  - (i) the Shareholders who would be entitled to that amount if it were distributed by way of dividend, and in the same proportions; and
  - (ii) if applicable, the holders of any other securities of the Company who are entitled by the terms of issue of those securities to participate in bonus issues by the Company, whether at the time the bonus issue is made to the Shareholders, or at some time later, in accordance with their respective entitlements; or
- (b) in paying up any amount which is unpaid on any Shares held by the Shareholders referred to in paragraph (a)(i),

or partly in one way and partly in the other.

### **4.4 Shares in lieu of dividends**



The Board may exercise the right conferred by section 54 of the Act to issue Shares to any Shareholders who have agreed to accept the issue of Shares, wholly or partly, in lieu of proposed dividends or proposed future dividends.

#### **4.5 Share repurchases**

The Company may purchase or otherwise acquire Shares issued by it from one or more Shareholders and hold its own Shares.

#### **4.6 Transfer of Shares pursuant to a security interest**

Notwithstanding anything in this Constitution or the Act, the Board:

- (a) must register any transfer of Shares presented to it; and
- (b) shall not refuse to register any transfer of Shares presented to it;

if, in either case, the transfer is pursuant to a security interest granted by the Shareholder of the Shares.

### **5. Exercise of powers of Shareholders**

#### **5.1 Methods of holding meetings**

A meeting of Shareholders may be held either:

- (a) by a number of Shareholders, who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
- (b) if determined by the Board, by means of audio, or audio and visual, communication by which all Shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting.

#### **5.2 Exercise of power by meeting or written resolution**

A power reserved to the Shareholders by the Act or by this Constitution may be exercised either:

- (a) at a meeting of Shareholders; or
- (b) by a resolution in writing signed in accordance with section 122 of the Act.

#### **5.3 Powers of Shareholders**

Unless otherwise specified in the Act or this Constitution, any power reserved to Shareholders may be exercised and any approval of Shareholders may be given by Ordinary Resolution.

### **6. Meetings of Shareholders**

#### **6.1 Annual meetings**

Subject to clause 6.3, the Company must hold an annual meeting not later than:

(a) six months after the balance date of the Company; and

- (b) fifteen months after the previous annual meeting.

## **6.2 Time and place of annual meeting**

Each annual meeting must be held at such time and place as the Board appoints and need not be held in New Zealand.

## **6.3 Resolution in lieu of annual meeting**

It is not necessary for the Company to hold an annual meeting if either:

- (a) there is nothing required to be done at that meeting, and the Board has resolved that it is in the interests of the Company to rely on section 120(5) of the Act to not hold an annual meeting for that year; or
- (b) everything required to be done at the meeting (by resolution or otherwise) is done by resolution in writing signed in accordance with section 122 of the Act.

## **6.4 Special meetings**

All meetings other than annual meetings are to be called special meetings. A special meeting may be held at any place specified in the notice of meeting and need not be held in New Zealand. Resolutions may be passed by shareholders by resolution in writing signed in accordance with section 122 of the Act.

## **6.5 Calling of special meetings**

A special meeting:

- (a) may be called by the Board at any time; and
- (b) must be called by the Board on the written request of Shareholders holding Shares carrying together not less than 5% of the voting rights entitled to be exercised on any of the questions to be considered at the meeting.

## **6.6 Meeting Procedures**

The provisions of the First Schedule to the Act govern proceedings of meetings of shareholders.

# **7. Appointment and removal of Directors**

## **7.1 Number**

The number of Directors must not at any time be less than one.

## **7.2 Appointment and removal of Directors**

The Major Shareholder may, from time to time by notice in writing delivered to the Company, appoint, remove and replace any Director. Two or more persons may be appointed as directors by a single notice.

## **7.3 Vacation of office**

A Director will cease to hold office as a Director if the Director:

- (a) becomes bankrupt or makes an arrangement or compromise with the Director's creditors generally; or
- (b) dies or becomes disqualified from being a Director pursuant to section 151 of the Act; or
- (c) resigns from office by notice in writing to the Company; or
- (d) is removed from office pursuant to this Constitution or the Act.

## **7.4 Appointment and removal of Alternate Directors**

The Major Shareholder may, by notice in writing to the Company, appoint any person to be an Alternate Director of a Director and may by notice in writing to the Company remove or replace any Alternate Director.

## **7.5 Rights of Alternate Director**

Each Alternate Director will be entitled to:

- (a) receive notices of all meetings of the Board if the Director for whom he or she is an Alternate Director is known to be unavailable to attend meetings;
- (b) attend and vote at any such meeting at which the Director for whom he or she is an Alternate Director is not personally present; and
- (c) in the absence of the Director for whom he or she is an Alternate Director, perform all the functions, and exercise all the powers, of that Director.

# **8. Powers of Directors**

## **8.1 Management of Company**

Except as provided in this Constitution, the business and affairs of the Company must be managed by, or under the direction or supervision of, the Board.

## **8.2 Exercise of powers by Board**

Subject to the provisions of this Constitution, the Board may exercise all the powers of the Company which are not required, either by the Act or this Constitution, to be exercised by the Shareholders.

## **8.3 Delegation of powers**

The Board may delegate to a committee of Directors, a Director, an employee of the Company or to any other person, any one or more of its powers, other than a power set out in the Second Schedule to the Act.

## **8.4 Appointment of attorney**

The Company may exercise the power conferred by section 181 of the Act to appoint a person as its attorney, either generally or in relation to a specified matter. Any such power of attorney may contain such provisions for the protection of persons dealing with the attorney as the Board thinks fit, and may also authorise any attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.





## **8.5 Ratification by Shareholders**

Subject to the provisions of section 177 of the Act (relating to ratification of directors' actions), the Shareholders, or any other person in whom a power is vested by this Constitution or the Act, may ratify the purported exercise of that power by a Director or the Board in the same manner as the power may be exercised. The purported exercise of a power that is ratified under this clause is deemed to be, and always to have been, a proper and valid exercise of that power.

## **9. Proceedings of the Board**

### **9.1 Methods of holding meetings**

A meeting of the Board may be held either:

- (a) by a number of the Directors who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which all the Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

### **9.2 Notice of meeting**

A Director or, if requested by a Director to do so, an employee of the Company approved by the Board for this purpose, may convene a meeting of the Board. Notice of a meeting of Directors must be given to:

- (a) every Director; and
- (b) any Alternate Director who is an Alternate Director of a Director who is known to be unavailable to attend the meeting.

A meeting of the Board may be held at any place specified in the notice of meeting and need not be held in New Zealand.

### **9.3 Waiver of irregularity**

An irregularity in a notice of meeting is waived if all the Directors entitled to receive notice of the meeting attend or participate in the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

### **9.4 Quorum**

A quorum for a meeting of the Board may be fixed by all of the Directors, and unless so fixed, is a majority of the Directors.

### **9.5 Chairperson**

The Directors may elect one of their number as chairperson of the Board and determine the period for which the chairperson is to hold office. If no chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the Directors present may choose one of their number to be chairperson of the meeting.



## 9.6 **Votes**

Every Director has one vote. In the case of an equality of votes, the chairperson does not have a casting vote. A resolution of the Board is passed if it is agreed to by a majority Directors present without dissent or a majority of the votes cast on it are in favour of it. A Director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless that Director expressly dissents from or expressly abstains from voting on, or votes against, the resolution.

## 9.7 **Resolutions in writing**

A resolution in writing, signed or assented to by a majority of the Directors, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form, each signed or assented to by one or more Directors. A copy of any such resolution must be entered in or kept with the records of Board proceedings. The Company must within 14 days after any resolution is passed in accordance with this clause, send a copy of the resolution to each Director who has not signed or assented to the resolution but failure to do so will not invalidate the resolution.

## 9.8 **Minutes**

The Board must ensure that minutes are kept of all proceedings at meetings of the Board.

## 9.9 **Validity of acts**

All acts done by any meeting of the Board or of a committee of Directors or by any person acting as a Director are valid notwithstanding:

- (a) any defect in the appointment of any Director or person acting as a Director; or
- (b) that they or any of them were disqualified; or
- (c) any irregularity in a notice of meeting.

## 9.10 **Other procedures**

Except as set out in this clause 9, the Board may regulate its own procedure. The provisions of the Third Schedule of the Act do not apply to proceedings of the Board except to the extent that those provisions are included in this Constitution.

# 10. **Directors' Interests**

## 10.1 **Disclosure of Interests**

A Director must comply with the provisions of section 140 of the Act (relating to disclosure of Interest of directors) but failure to comply with that section does not affect the operation of clause 10.2.

## 10.2 **Personal involvement of Directors**

Notwithstanding any rule of law or equity to the contrary, but subject to sections 107(3) and 141 of the Act (relating to avoidance of transactions in which a director is Interested) and section 199(2) of the Act (prohibiting a director from acting as auditor of a company), a Director may:

- (a) contract with the Company in any capacity;
- (b) be a party to any transaction with the Company;
- (c) have any direct or indirect personal involvement or Interest in any transaction or arrangement to which the Company is a party or in which it is otherwise directly or indirectly interested or involved;
- (d) become a Director or other officer of, or otherwise Interested in, any company promoted by the Company or in which the Company may be directly or indirectly interested as a Shareholder or otherwise;
- (e) retain any remuneration, profit or benefits in relation to any of the foregoing; and
- (f) be involved in a transaction (or another entity in which the Director has an interest or involvement may be involved in a transaction) which the Company may have otherwise been interested in and a Director shall have no obligation to refer any corporate opportunity to the Company or to enable the Company to pursue any corporate opportunity which the Director or any person in any way associated with the Director intends to pursue,

and no contract or arrangement of any kind referred to in this clause may be avoided by reason of a Director's Interest.

### 10.3 Interested Directors may vote

A Director who is Interested in a transaction entered into, or to be entered into, by the Company may:

- (a) vote on any matter relating to the transaction;
- (b) attend a meeting of the Board at which any matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum;
- (c) sign a document relating to the transaction on behalf of the Company; and
- (d) do any other thing in his or her capacity as a Director in relation to the transaction,

as if the Director were not Interested in the transaction.

### 10.4 Interests of holding company

Any Director may, when exercising powers or performing duties as a Director, act in a manner which he or she believes is in the best interests of any company which is the Company's direct or indirect holding company, even though it may not be in the best interests of the Company.

## 11. Directors' remuneration and other benefits

### 11.1 Remuneration and benefits

The Board may exercise the power conferred by section 161 of the Act to authorise any payment or other benefit of the kind referred to in that section.

### 11.2 Expenses



Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Company's business.

## **12. Indemnity and insurance for Directors and employees**

### **12.1 Indemnity for Directors**

Every Director will be indemnified by the Company for any costs referred to in section 162(3) of the Act and any liability or costs referred to in section 162(4) of the Act.

### **12.2 Indemnities and insurance**

In addition to the indemnity set out in clause 12.1, the Company may:

- (a) indemnify a director or employee of the Company or a related company for any costs referred to in section 162(3) of the Act;
- (b) indemnify a director or employee of the Company or a related company in respect of any liability or costs referred to in section 162(4) of the Act; and
- (c) effect insurance for a director or employee of the Company or a related company in respect of any liability or costs referred to in section 162(5) of the Act.

### **12.3 Interpretation**

Words given extended meanings by section 162(9) of the Act have those extended meanings in this clause 12.

## **13. Dividends**

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The Board may, subject to the Act and this Constitution, authorise the payment of dividends by the Company at times, and of amounts, and in such form as it thinks fit and may do everything which is necessary or expedient to give effect to the payment of such dividends. Prior to authorising the payment of a dividend, the Board must be satisfied on reasonable grounds that the Company will immediately after payment of the dividend satisfy the solvency test.

## **14. Notices**

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All notices, reports, accounts or documents required to be sent to a Shareholder must be sent in the manner set out in section 391 of the Act. Notices to any other person must be sent in the same manner as if that person was a Shareholder.

## **15. Liquidation**

### **15.1 Distribution of surplus**

Subject to the rights of any Shareholders and to clauses 15.2 and 15.3, upon the liquidation of the Company the surplus assets of the Company (if any) must be distributed among the Shareholders in proportion to their



Shareholding. If any Shareholder's Shares are not fully paid up the liquidator of the Company may require those Shares to be fully paid up before the

Shareholder receives any distribution of the surplus assets of the Company in respect of those Shares.

## **15.2 Distribution in kind**

With the approval of the Shareholders by Ordinary Resolution, the liquidator of the Company may divide amongst the Shareholders in kind the whole or any part of the assets of the Company (whether or not they are of the same kind) and for that purpose the liquidator may:

- (a) attribute values to assets as the liquidator considers appropriate; and
- (b) determine how the division will be carried out as between the Shareholders or different classes of Shareholders.

## **15.3 Trusts**

With the approval of the Shareholders by Ordinary Resolution, the liquidator may vest the whole or any part of any surplus assets of the Company in trustees upon trust for the benefit of Shareholders. The liquidator may determine the terms of the trust.

# **16. Method of contracting**

## **16.1 Deeds**

A deed which is to be entered into by the Company may be signed on behalf of the Company, by:

- (a) two or more Directors; or
- (b) if there is only one Director, by that Director whose signature must be witnessed; or
- (c) one or more attorneys appointed by the Company; or
- (d) any Director, or any person authorised by the Board, whose signature must be witnessed.

## **16.2 Other written contracts**

An obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by a person acting under the express or implied authority of the Company.

## **16.3 Other obligations**

Any other obligation or contract may be entered into on behalf of the Company in writing or orally by a person acting under the express or implied authority of the Company.

# Certificate of Incorporation

BEVERAGE PACKAGING (NEW ZEALAND) LIMITED 1940132

NZBN: 9429033412658

This is to certify that TAURUS AUSTRALIA HOLDINGS LIMITED was incorporated under the Companies Act 1993 on the 7th day  
of May 2007  
and changed its name to BEVERAGE PACKAGING (NEW ZEALAND) LIMITED on the 26th day of May 2015.

**Registrar of Companies** 14th day of January 2019

Certificate generated 14 January 2019 02:57 PM NZDT

[●] SENIOR SECURED NOTES SUPPLEMENTAL INDENTURE (this “*Senior Secured Notes Supplemental Indenture*”) dated as of [●] among REYNOLDS GROUP ISSUER LLC, a Delaware limited liability company (the “*US Issuer I*”), REYNOLDS GROUP ISSUER INC., a Delaware corporation (the “*US Issuer IP*” and, together with US Issuer I, the “*US Issuers*”), REYNOLDS GROUP ISSUER (NEW ZEALAND) LIMITED (f/k/a Reynolds Group Issuer (Luxembourg) S.A.), a New Zealand limited liability company (the “*NZ Issuer*” and, together with the US Issuers, the “*Issuers*”), BEVERAGE PACKAGING HOLDINGS I LIMITED (f/k/a Beverage Packaging Holdings (Luxembourg) I S.A.), a New Zealand limited liability company (“*BP I*”), the affiliate of the Issuers party hereto (the “*Additional Senior Secured Note Guarantor*”), THE BANK OF NEW YORK MELLON, as trustee (the “*Trustee*”), principal paying agent, transfer agent, registrar and collateral agent (the “*Original Collateral Agent*”) and WILMINGTON TRUST (LONDON) LIMITED, as additional collateral agent (the “*Additional Collateral Agent*”), under the indenture dated as of September 28, 2012, as amended or supplemented (the “*Senior Secured Notes Indenture*”), in respect of the issuance of an aggregate principal amount of \$3,250,000,000 of 5.750% Senior Secured Notes due 2020 (the “*Senior Secured Notes*”).

W I T N E S S E T H:

WHEREAS pursuant to Section 4.11 of the Senior Secured Notes Indenture, each Restricted Subsidiary (unless such Subsidiary is an Issuer, a Senior Secured Note Guarantor or a Receivables Subsidiary) that guarantees, assumes or in any other manner becomes liable with respect to any Indebtedness under any Credit Agreement is required to execute and deliver to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary shall guarantee payment of the Senior Secured Notes;

WHEREAS pursuant to Section 9.01 of the Senior Secured Notes Indenture, the parties hereto are entitled to execute and deliver this Senior Secured Notes Supplemental Indenture;

Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to them in the Senior Secured Notes Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Additional Senior Secured Note Guarantor covenants and agrees for the equal and ratable benefit of the Trustee and the Holders of the Senior Secured Notes as follows:

1. Guarantee. The Additional Senior Secured Note Guarantor hereby jointly and severally with all other Senior Secured Note Guarantors unconditionally guarantees the Issuers’ obligations under the Senior Secured Notes and the Senior Secured Notes Indenture on the terms and subject to the conditions set forth in Article X of the Senior Secured Notes Indenture and agrees to be bound as a Senior Secured Note Guarantor by all the other applicable provisions of the Senior Secured Notes Indenture.

2. Ratification of Senior Secured Notes Indenture; Senior Secured Notes Supplemental Indenture Part of Senior Secured Notes Indenture. Except as expressly amended hereby, the Senior Secured Notes Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Senior Secured Notes Supplemental Indenture shall form a part of the Senior Secured Notes Indenture for all purposes, and every holder of a Senior Secured Note heretofore or hereafter authenticated and delivered shall be bound hereby.

3. Governing Law. **THIS SENIOR SECURED NOTES SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND THE ADDITIONAL SENIOR SECURED NOTE GUARANTOR AGREES TO SECTION 13.09 OF THE INDENTURE, INCLUDING WITH RESPECT TO SUBMISSION TO JURISDICTION, WAIVER OF OBJECTION TO VENUE IN THE STATE AND FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN, NEW YORK, NEW YORK, AND PURSUANT TO SECTION 13.08, THE WAIVER OF ANY RIGHT TO TRIAL BY JURY.**

4. Trustee, Original Collateral Agent and Additional Collateral Agent Make No Representations. The Trustee, Original Collateral Agent and Additional Collateral Agent make no representations as to the validity or sufficiency of this Senior Secured Notes Supplemental Indenture.

5. Duplicate Originals. The parties may sign any number of copies of this Senior Secured Notes Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

7. No Adverse Interpretation of Other Agreements. This Senior Secured Notes Supplemental Indenture may not be used to interpret another indenture, loan or debt agreement of the Issuers, BP I, RGHL or any of their Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Senior Secured Notes Supplemental Indenture.

8. No Recourse Against Others. No (i) director, officer, employee, manager, incorporator or holder of any Equity Interests in BP I or any Issuer or any direct or indirect parent corporation or (ii) director, officer, employee or manager of the Additional Senior Secured Note Guarantor, will have any liability for any obligations of the Issuers under the Senior Secured Notes, this Senior Secured Notes Supplemental Indenture, the Senior Secured Notes Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation; provided, however, the foregoing shall not in any manner affect the liability of the Additional Senior Secured Note Guarantor with respect to its Senior Secured Note Guarantee. Each holder of Senior Secured Notes by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Secured Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

9. Indemnity. (a) The Issuers, BP I and the Additional Senior Secured Note Guarantor executing this Senior Secured Notes Supplemental Indenture, subject to Section 10.08 of the Senior Secured Notes Indenture, jointly and severally, shall indemnify the Trustee and each Agent (which in each case, for purposes of this Section, shall include its officers, directors, employees, agents and counsel) against any and all loss, liability, claim, taxes, costs, damage or expense (including properly incurred attorneys' fees and expenses) incurred by or in connection with the acceptance or administration of this trust and the performance of its duties hereunder, including the costs and expenses of enforcing this Senior Secured Notes Supplemental Indenture or a Senior Secured Note Guarantee provided herein against the Issuers, BP I or the Additional Senior Secured Note Guarantor (including this Section) and defending itself against or investigating any claim (whether asserted (i) by the Issuers, BP I, the Additional Senior Secured Note Guarantor, any Holder or any other Person or (ii) with respect to any action taken by the Trustee under the First Lien Intercreditor Agreement, any Additional Intercreditor Agreement or any other agreement referenced herein). The obligation to pay such amounts shall survive the payment in full or defeasance of the Senior Secured Notes or the removal or resignation of the Trustee or the applicable Agent. The Trustee or the applicable Agent shall notify the Issuers of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; *provided, however*, that any failure so to notify the Issuers shall not relieve any of the Issuers, BP I or the Additional Senior Secured Note Guarantor executing this Senior Secured Notes Supplemental Indenture of its indemnity obligations hereunder. The Issuers shall defend the claim and the indemnified party shall provide reasonable cooperation at the Issuers' expense in the defense. Such indemnified parties may have separate counsel and the Issuers, BP I and the Additional Senior Secured Note Guarantor, as applicable, shall pay the fees and expenses of such counsel. The Issuers need not reimburse any expense or indemnify against any loss, liability or expense incurred by an indemnified party solely through such party's own willful misconduct, negligence or bad faith.

(a) To secure the payment obligations of the Issuers, BP I and the Additional Senior Secured Note Guarantor in this Section, the Trustee shall have a Lien prior to the Senior Secured Notes on all money or property held or collected by the Trustee other than money or property held to pay principal of and interest on the Senior Secured Notes.

10. Successors and Assigns. All covenants and agreements of the Issuers and the Additional Senior Secured Note Guarantor in this Senior Secured Notes Supplemental Indenture and the Senior Secured Notes shall bind their respective successors and assigns. All agreements of the Trustee and each Collateral Agent in this Senior Secured Notes Supplemental Indenture shall bind its successors and assigns.

11. Severability. In case any one or more of the provisions contained in this Senior Secured Notes Supplemental Indenture or the Senior Secured Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Senior Secured Notes Supplemental Indenture or the Senior Secured Notes.

12. Notices. Any order, consent, notice or communication shall be sufficiently given if in writing and delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

If to any of the Issuers or the Additional Senior Secured Note Guarantor:

[●]

If to the Trustee, Original Collateral Agent, Principal Paying Agent, Transfer Agent or Registrar:

[●]

with a copy to

[●]

If to the Additional Collateral Agent:

[●]

13. Amendments and Modification. This Senior Secured Notes Supplemental Indenture may be amended, modified, or supplemented only as permitted by the Senior Secured Notes Indenture and by written agreement of each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Senior Secured Notes Supplemental Indenture to be duly executed as of the date first above written.

[Execution Blocks]

#### **List of Substantially Similar Supplemental Indentures**

1. First Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020 Indenture, dated as of November 7, 2012, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, collateral agent and registrar, and Wilmington Trust (London) Limited, as additional collateral agent
2. Second Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020 Indenture, dated as of December 14, 2012, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A., Beverage Packaging Holdings (Luxembourg) V S.A., as additional guarantor, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, collateral agent and registrar, and Wilmington Trust (London) Limited, as additional collateral agent
3. Seventh Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020 Indenture, dated as of February 14, 2014, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A. and The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent

4. Eighth Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020 Indenture, dated as of June 30, 2014, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A. and The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
5. Tenth Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020, dated as of June 16, 2015, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
6. Eleventh Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020, dated as of October 25, 2016, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
7. Fifteenth Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020, dated as of November 21, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
8. Sixteenth Senior Secured Notes Supplemental Indenture to the 5.750% Senior Secured Notes due 2020, dated as of December 11, 2018, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent



FORM OF SUPPLEMENTAL INDENTURE WITH RESPECT TO GUARANTOR ACCESSIONS TO THE  
6.875% SENIOR SECURED NOTES DUE 2021

[●] SENIOR SECURED NOTES SUPPLEMENTAL INDENTURE (this “[●] *Senior Secured Notes Supplemental Indenture*”) dated as of [●] among Reynolds Group Issuer LLC, a Delaware limited liability company (the “*US Issuer I*”), Reynolds Group Issuer Inc., a Delaware corporation (the “*US Issuer II*”), Reynolds Group Issuer (Luxembourg) S.A., a société anonyme (limited liability company) organized under the laws of Luxembourg (the “*Luxembourg Issuer*”) and, together with the US Issuer I and the US Issuer II, the “*Issuers*”), Beverage Packaging Holdings (Luxembourg) I S.A. (“*BP I*”), the affiliates of the Issuers party hereto (the “*Additional Senior Secured Note Guarantors*”), The Bank of New York Mellon, as trustee (the “*Trustee*”), principal paying agent, transfer agent, registrar and collateral agent (the “*Original Collateral Agent*”) and Wilmington Trust (London) Limited, as additional collateral agent (the “*Additional Collateral Agent*”), to the indenture dated as of February 1, 2011, as amended or supplemented (the “*Senior Secured Notes Indenture*”), in respect of the issuance of an aggregate principal amount of \$1,000,000,000 of 6.875% Senior Secured Notes due 2021 (the “*Senior Secured Notes*”).

W I T N E S S E T H :

WHEREAS pursuant to Section 4.11 of the Senior Secured Notes Indenture, each Restricted Subsidiary (unless such Subsidiary is an Issuer, a Senior Secured Note Guarantor or a Receivables Subsidiary) that guarantees, assumes or in any other manner becomes liable with respect to any Indebtedness under any Credit Agreement is required to execute and deliver to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary shall guarantee payment and the other obligations of the Issuers under the Senior Secured Notes and the Senior Secured Notes Indenture;

WHEREAS the Original Collateral Agent is the collateral agent with respect to the Collateral of the Additional Senior Secured Note Guarantors;

WHEREAS pursuant to Section 9.01(a)(vi) of the Senior Secured Notes Indenture, the Trustee, the Original Collateral Agent, the Additional Collateral Agent, BP I and the Issuers are authorized (i) to amend the Senior Secured Notes Indenture to add a Senior Secured Note Guarantor with respect to any Senior Secured Note and (ii) to execute and deliver this [●] Senior Secured Notes Supplemental Indenture;

Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to them in the Senior Secured Notes Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Additional Senior Secured Note Guarantors mutually covenant and agrees for the equal and ratable benefit of the Trustee and the Holders of the Senior Secured Notes as follows:

1. Agreement to Guarantee. The Additional Senior Secured Note Guarantors hereby agree jointly and severally with all other Additional Senior Secured Note Guarantors, to unconditionally guarantee the Issuers' obligations under the Senior Secured Notes and the Senior Secured Notes Indenture on the terms and subject to the conditions set forth in Article X of the Senior Secured Notes Indenture and to be bound by all other applicable provisions of the Senior Secured Notes Indenture.

2. Ratification of Senior Secured Notes Indenture; [●] Senior Secured Notes Supplemental Indenture Part of Senior Secured Notes Indenture. Except as expressly amended hereby, the Senior Secured Notes Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. Following the date hereof, all of the covenants set forth in Article IV of the Senior Secured Notes Indenture shall be deemed to have been applicable to the Additional Senior Secured Note Guarantors beginning as of the Issue Date as if the Additional Senior Secured Note Guarantors had been parties thereto on such date, and any action or inaction taken by the Additional Senior Secured Note Guarantors after the Issue Date and prior to the date hereof prohibited by the Senior Secured Notes Indenture, shall be deemed a Default by the Additional Senior Secured Note Guarantors, under the Senior Secured Notes Indenture as of the date hereof. This [●] Senior Secured Notes Supplemental Indenture shall form a part of the Senior Secured Notes Indenture for all purposes, and every holder of a Senior Secured Note heretofore or hereafter authenticated and delivered shall be bound hereby.

3. Governing Law. **THIS [●] SENIOR SECURED NOTES SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

4. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this [●] Senior Secured Notes Supplemental Indenture.

5. Duplicate Originals. The parties may sign any number of copies of this [●] Senior Secured Notes Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction thereof.

7. No Adverse Interpretation of Other Agreements. This [●] Senior Secured Notes Supplemental Indenture may not be used to interpret another indenture, loan or debt agreement of the Issuers, BP I, BP II, RGHL or any of their Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this [●] Senior Secured Notes Supplemental Indenture.

8. No Recourse Against Others. No (i) director, officer, employee, manager, incorporator or holder of any Equity Interests in BP I, BP II or any Issuer or any direct or indirect parent corporation or (ii) director, officer, employee or manager of a Additional Senior Secured Note Guarantor, will have any liability for any obligations of the Issuers under the Senior Secured Notes, this [●] Senior Secured Notes Supplemental Indenture, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Senior Secured Notes by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for the guarantee of the obligations under the Senior Secured Notes and the Senior Secured Notes Indenture by the Additional Senior Secured Note Guarantors. The waiver may not be effective to waive liabilities under the federal securities laws.

9. Successors and Assigns. All covenants and agreements of the Issuers and the Additional Senior Secured Note Guarantors in this [●] Senior Secured Notes Supplemental Indenture and the Senior Secured Notes shall bind their respective successors and assigns. All agreements of the Trustee and each Collateral Agent in this [●] Senior Secured Notes Supplemental Indenture shall bind its successors and assigns.

10. Severability. In case any one or more of the provisions contained in this [●] Senior Secured Notes Supplemental Indenture or the Senior Secured Notes shall for any reason be held to be invalid, illegal or

unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this [●] Senior Secured Notes Supplemental Indenture or the Senior Secured Notes.

11. Notices. Any order, consent, notice or communication shall be sufficiently given if in writing and delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

if to any of the Issuers or any Additional Senior Secured Note Guarantor:

[●]

and

if to the Trustee, Original Collateral Agent, Principal Paying Agent, Transfer Agent or Registrar:

[●]

and

if to the Additional Collateral Agent:

[●]

12. Amendments and Modification. This [●] Senior Secured Notes Supplemental Indenture may be amended, modified, or supplemented only as permitted by the Senior Secured Notes Indenture and by written agreement of each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this supplemental indenture to be duly executed as of the date first above written.

[Execution Blocks]

SUPPLEMENTAL INDENTURE  
(SENIOR SECURED NOTES - 2011)

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## List of Substantially Similar Supplemental Indentures

1. Eighth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of August 9, 2011, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A, certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent and Wilmington Trust (London) Limited, as additional collateral agent
2. Tenth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of September 8, 2011, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent and Wilmington Trust (London) Limited, as additional collateral agent
3. Twelfth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of October 14, 2011, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent and Wilmington Trust (London) Limited, as additional collateral agent
4. Thirteenth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of March 20, 2012, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A., certain additional note guarantors listed thereto, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent and Wilmington Trust (London) Limited, as additional collateral agent
5. Seventeenth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of December 14, 2012, among Reynolds Group Issuer Inc., Reynolds Group Issuer LLC, Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A., Beverage Packaging Holdings (Luxembourg) V S.A., as additional guarantor, The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
6. Twenty-Second Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021, dated as of February 14, 2014, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A. and The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
7. Twenty-Third Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021, dated as of June 30, 2014, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A. and The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as collateral additional agent
8. Twenty-fifth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of June 16, 2015, among Reynolds Group Issuer LLC, Reynolds Group Issuer Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
9. Twenty-sixth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of October 25, 2016, among Reynolds Group Issuer LLC, Reynolds Group Issuer Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
10. Thirtieth Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of November 21, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A. and The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
11. Thirty-First Senior Secured Notes Supplemental Indenture to the 6.875% Senior Secured Notes due 2021 Indenture, dated as of December 11, 2018, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., Beverage Packaging Holdings (Luxembourg) I S.A. and The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent

**SUPPLEMENTAL DEED** dated 11 December 2018

**PARTIES**

**REYNOLDS GROUP HOLDINGS LIMITED ("Holdings")**

**REYNOLDS PACKAGING I LIMITED ("New Chargor")**

**IN FAVOUR OF WILMINGTON TRUST (LONDON) LIMITED ("Collateral Agent")**

**INTRODUCTION**

- A. Certain Subsidiaries of Holdings are parties to a general security deed dated 29 September 2017, as amended from time to time, ("**NZ General Security**") under or pursuant to which the Subsidiaries have given security and other undertakings for the benefit of the Collateral Agent and other Secured Parties (as defined therein).
- B. The New Chargor is a Subsidiary of Holdings.
- C. At the request of Holdings, the New Chargor wishes to execute this deed (being a deed supplemental to the NZ General Security and in or to the effect of the form prescribed in schedule 2 to the NZ General Security) in order to become a Chargor as required by the NZ General Security.
- D. The directors of the New Chargor have resolved that it is in the New Chargor's interest that the New Chargor provides the security and the other undertakings to the Secured Parties in terms of the NZ General Security and that this deed be accordingly executed by the New Chargor.

**COVENANTS**

- 1. **Definitions:** To the extent to which the same are applicable the definitions, references and provisions contained in section 1 of the NZ General Security shall apply to and be incorporated in this deed.
- 2. **Acknowledgement:** The New Chargor acknowledges that credit or other financial accommodation has been and will hereafter be provided to one or more of the Chargors on the condition and in part consideration that the New Chargor will give, or has given, to the Secured Parties the covenants contained in this deed and the NZ General Security.
- 3. **Charging clause:** As security for the payment or delivery of the Secured Liabilities and the performance and observance by the New Chargor of all of its obligations to the Collateral Agent at any time, the New Chargor:

grants a security interest in all of its Personal Property to the Collateral Agent;

- (a) charges all of its Other Property in favour of the Collateral Agent; and
- (b) agrees, subject to the Agreed Security Principles, to mortgage all of its present and future interests in any land to the Collateral Agent.

This security interest and charge will be treated for the purposes of the NZ General Security as having been created pursuant to clause 2 of the NZ General Security.

4. **Implied provisions:** Pursuant to section 14 of the PLA of New Zealand it is hereby declared that there shall be deemed to be incorporated in this deed all the covenants, representations, warranties and provisions of the NZ General Security in the same manner and to the same extent as if the said covenants, representations, warranties and other provisions had been set out in full in this deed (with all necessary modifications) and made applicable to the New Chargor as though it were a Chargor and the New Chargor accordingly covenants and agrees, jointly and severally, with each other Chargor, to perform, observe and be bound by the said covenants, representations, warranties and other provisions.
5. **Governing law:** This deed shall be governed by, and construed in accordance with, the laws of New Zealand.

## EXECUTION AS A DEED

Executed on behalf of **REYNOLDS GROUP HOLDINGS LIMITED** by its authorised signatory:

and witnessed by:

//s// Gregory Alan Cole

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Gregory Alan Cole

\_\_\_\_\_  
Name of authorised signatory

//s// Frances Ramsay

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Frances Ramsay

\_\_\_\_\_  
Name of witness

\_\_\_\_\_  
Personal Assistant

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Auckland

\_\_\_\_\_  
City/town of residence

Executed on behalf of **REYNOLDS PACKAGING LIMITED** by its authorised signatory:

and witnessed by:

//s// Gregory Alan Cole

\_\_\_\_\_  
Signature of authorised signatory

\_\_\_\_\_  
Gregory Alan Cole

\_\_\_\_\_  
Name of authorised signatory

//s// Frances Ramsay

Signature of witness

Frances Ramsay

Name of witness

Personal Assistant

Occupation

Auckland

City/town of residence



FORM OF SUPPLEMENTAL INDENTURE WITH RESPECT TO GUARANTOR ACCESSIONS TO THE  
5.125% SENIOR SECURED NOTES DUE 2023 AND THE SENIOR SECURED FLOATING RATE NOTES  
DUE 2021

[●] SENIOR SECURED NOTES SUPPLEMENTAL INDENTURE (this “*Senior Secured Notes Supplemental Indenture*”) dated as of [●], 2017 among REYNOLDS GROUP ISSUER LLC, a Delaware limited liability company (the “*US Issuer P*”), REYNOLDS GROUP ISSUER INC., a Delaware corporation (the “*US Issuer IP*” and, together with US Issuer I, the “*US Issuers*”), REYNOLDS GROUP ISSUER (NEW ZEALAND) LIMITED (f/k/a Reynolds Group Issuer (Luxembourg) S.A.), a New Zealand limited liability company (the “*NZ Issuer*” and, together with the US Issuers, the “*Issuers*”), BEVERAGE PACKAGING HOLDINGS I LIMITED (f/k/a Beverage Packaging Holdings (Luxembourg) I S.A.), a New Zealand limited liability company (“*BP P*”), the affiliate of the Issuers party hereto (the “*Additional Senior Secured Note Guarantor*”), THE BANK OF NEW YORK MELLON, as trustee (the “*Trustee*”), principal paying agent, transfer agent, registrar and collateral agent (the “*Original Collateral Agent*”) and WILMINGTON TRUST (LONDON) LIMITED, as additional collateral agent (the “*Additional Collateral Agent*”), under the indenture dated as of June 27, 2016, as amended or supplemented (the “*Senior Secured Notes Indenture*”), in respect of the issuance of (a) an aggregate principal amount of \$1,600,000,000 of 5.125% Senior Secured Notes due 2023 (the “*Fixed Rate Senior Secured Notes*”) and (b) an aggregate principal amount of \$750,000,000 of Senior Secured Floating Rate Notes due 2021 (the “*Floating Rate Senior Secured Notes*” and, together with the Fixed Rate Senior Secured Notes, the “*Senior Secured Notes*”).

W I T N E S S E T H:

WHEREAS pursuant to Section 4.11 of the Senior Secured Notes Indenture, each Restricted Subsidiary (unless such Subsidiary is an Issuer, a Senior Secured Note Guarantor or a Receivables Subsidiary) that guarantees, assumes or in any other manner becomes liable with respect to any Indebtedness under any Credit Agreement is required to execute and deliver to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary shall guarantee payment of the Senior Secured Notes;

WHEREAS pursuant to Section 9.01 of the Senior Secured Notes Indenture, the parties hereto are entitled to execute and deliver this Senior Secured Notes Supplemental Indenture;

Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to them in the Senior Secured Notes Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Additional Senior Secured Note Guarantor covenants and agrees for the equal and ratable benefit of the Trustee and the Holders of the Senior Secured Notes as follows:

1. Guarantee. The Additional Senior Secured Note Guarantor hereby jointly and severally with all other Senior Secured Note Guarantors unconditionally guarantees the Issuers' obligations under the Senior Secured Notes and the Senior Secured Notes Indenture on the terms and subject to the conditions set forth in Article X of the Senior Secured Notes Indenture and agrees to be bound as a Senior Secured Note Guarantor by all the other applicable provisions of the Senior Secured Notes Indenture.

2. Ratification of Senior Secured Notes Indenture; Senior Secured Notes Supplemental Indenture Part of Senior Secured Notes Indenture. Except as expressly amended hereby, the Senior Secured Notes Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Senior Secured Notes Supplemental Indenture shall form a part of the Senior Secured Notes Indenture for all purposes, and every holder of a Senior Secured Note heretofore or hereafter authenticated and delivered shall be bound hereby.

3. Governing Law. **THIS SENIOR SECURED NOTES SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND THE ADDITIONAL SENIOR SECURED NOTE GUARANTOR AGREES TO SECTION 13.09 OF THE INDENTURE, INCLUDING WITH RESPECT TO SUBMISSION TO JURISDICTION, WAIVER OF OBJECTION TO VENUE IN THE STATE AND FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN, NEW YORK, NEW YORK, AND PURSUANT TO SECTION 13.08, THE WAIVER OF ANY RIGHT TO TRIAL BY JURY.**

4. Trustee, Original Collateral Agent and Additional Collateral Agent Make No Representations. The Trustee, Original Collateral Agent and Additional Collateral Agent make no representations as to the validity or sufficiency of this Senior Secured Notes Supplemental Indenture.

5. Duplicate Originals. The parties may sign any number of copies of this Senior Secured Notes Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

7. No Adverse Interpretation of Other Agreements. This Senior Secured Notes Supplemental Indenture may not be used to interpret another indenture, loan or debt agreement of the Issuers, BP I, RGHL or any of their Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Senior Secured Notes Supplemental Indenture.

8. No Recourse Against Others. No (i) director, officer, employee, manager, incorporator or holder of any Equity Interests in BP I or any Issuer or any direct or indirect parent corporation or (ii) director, officer, employee or manager of the Additional Senior Secured Note Guarantor, will have any liability for any obligations of the Issuers under the Senior Secured Notes, this Senior Secured Notes Supplemental Indenture, the Senior Secured Notes Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation; provided, however, the foregoing shall not in any manner affect the liability of the Additional Senior

Secured Note Guarantor with respect to its Senior Secured Note Guarantee. Each holder of Senior Secured Notes by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Secured Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

9. Indemnity. (a) The Issuers, BP I and the Additional Senior Secured Note Guarantor executing this Senior Secured Notes Supplemental Indenture, subject to Section 10.08 of the Senior Secured Notes Indenture, jointly and severally, shall indemnify the Trustee and each Agent (which in each case, for purposes of this Section, shall include its officers, directors, employees, agents and counsel) against any and all loss, liability, claim, taxes, costs, damage or expense (including properly incurred attorneys' fees and expenses) incurred by or in connection with the acceptance or administration of this trust and the performance of its duties hereunder, including the costs and expenses of enforcing this Senior Secured Notes Supplemental Indenture or a Senior Secured Note Guarantee provided herein against the Issuers, BP I or the Additional Senior Secured Note Guarantor (including this Section) and defending itself against or investigating any claim (whether asserted (i) by the Issuers, BP I, the Additional Senior Secured Note Guarantor, any Holder or any other Person or (ii) with respect to any action taken by the Trustee under the First Lien Intercreditor Agreement, any Additional Intercreditor Agreement or any other agreement referenced herein). The obligation to pay such amounts shall survive the payment in full or defeasance of the Senior Secured Notes or the removal or resignation of the Trustee or the applicable Agent. The Trustee or the applicable Agent shall notify the Issuers of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; *provided, however*, that any failure so to notify the Issuers shall not relieve any of the Issuers, BP I or the Additional Senior Secured Note Guarantor executing this Senior Secured Notes Supplemental Indenture of its indemnity obligations hereunder. The Issuers shall defend the claim and the indemnified party shall provide reasonable cooperation at the Issuers' expense in the defense. Such indemnified parties may have separate counsel and the Issuers, BP I and the Additional Senior Secured Note Guarantor, as applicable, shall pay the fees and expenses of such counsel. The Issuers need not reimburse any expense or indemnify against any loss, liability or expense incurred by an indemnified party solely through such party's own willful misconduct, negligence or bad faith.

(a) To secure the payment obligations of the Issuers, BP I and the Additional Senior Secured Note Guarantor in this Section, the Trustee shall have a Lien prior to the Senior Secured Notes on all money or property held or collected by the Trustee other than money or property held to pay principal of and interest on the Senior Secured Notes.

10. Successors and Assigns. All covenants and agreements of the Issuers and the Additional Senior Secured Note Guarantor in this Senior Secured Notes Supplemental Indenture and the Senior Secured Notes shall bind their respective successors and assigns. All agreements of the Trustee and each Collateral Agent in this Senior Secured Notes Supplemental Indenture shall bind its successors and assigns.

11. Severability. In case any one or more of the provisions contained in this Senior Secured Notes Supplemental Indenture or the Senior Secured Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Senior Secured Notes Supplemental Indenture or the Senior Secured Notes.

12. Notices. Any order, consent, notice or communication shall be sufficiently given if in writing and delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

If to any of the Issuers or the Additional Senior Secured Note Guarantor:

[●]

If to the Trustee, Original Collateral Agent, Principal Paying Agent, Transfer Agent or Registrar:

[●]

with a copy to

[●]

If to the Additional Collateral Agent:

[●]

13. Amendments and Modification. This Senior Secured Notes Supplemental Indenture may be amended, modified, or supplemented only as permitted by the Senior Secured Notes Indenture and by written agreement of each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Senior Secured Notes Supplemental Indenture to be duly executed as of the date first above written.

[Execution Blocks]

#### **List of Substantially Similar Supplemental Indentures**

1. Second Senior Secured Notes Supplemental Indenture to the 5.125% Senior Secured Notes due 2023 and the Senior Secured Floating Rate Notes due 2021, dated as of October 25, 2016, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
2. Fifth Senior Secured Notes Supplemental Indenture to the 5.125% Senior Secured Notes due 2023 and the Senior Secured Floating Rate Notes due 2021, dated as of November 21, 2017 among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent
3. Sixth Senior Secured Notes Supplemental Indenture to the 5.125% Senior Secured Notes due 2023 and the Senior Secured Floating Rate Notes due 2021, dated as of December 11, 2018 among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent, registrar and collateral agent, and Wilmington Trust (London) Limited, as additional collateral agent

FORM OF SUPPLEMENTAL INDENTURE WITH RESPECT TO GUARANTOR ACCESSIONS TO THE  
7.00% SENIOR NOTES DUE 2024

FOURTH SENIOR NOTES SUPPLEMENTAL INDENTURE (this “*Senior Notes Supplemental Indenture*”) dated as of [●] among REYNOLDS GROUP ISSUER LLC, a Delaware limited liability company (the “*US Issuer I*”), REYNOLDS GROUP ISSUER INC., a Delaware corporation (the “*US Issuer II*” and, together with US Issuer I, the “*US Issuers*”), REYNOLDS GROUP ISSUER (NEW ZEALAND) LIMITED (f/k/a Reynolds Group Issuer (Luxembourg) S.A.), a New Zealand limited liability company (the “*NZ Issuer*” and, together with the US Issuers, the “*Issuers*”), BEVERAGE PACKAGING HOLDINGS I LIMITED (f/k/a Beverage Packaging Holdings (Luxembourg) I S.A.), a New Zealand limited liability company (“*BPI*”), the affiliate of the Issuers party hereto (the “*Additional Senior Note Guarantor*”) and THE BANK OF NEW YORK MELLON, as trustee, principal paying agent and registrar (the “*Trustee*”) under the indenture dated as of June 27, 2016, as amended or supplemented (the “*Senior Notes Indenture*”), in respect of the issuance of an aggregate principal amount of \$800,000,000 of 7.000% Senior Notes due 2024 (the “*Senior Notes*”).

W I T N E S S E T H:

WHEREAS pursuant to Section 4.11 of the Senior Notes Indenture, each Restricted Subsidiary (unless such Subsidiary is an Issuer, a Senior Note Guarantor or a Receivables Subsidiary) that guarantees, assumes or in any other manner becomes liable with respect to any Indebtedness under any Credit Agreement is required to execute and deliver to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary shall guarantee payment of the Senior Notes;

WHEREAS pursuant to Section 9.01 of the Senior Notes Indenture, the parties hereto are entitled to execute and deliver this Senior Notes Supplemental Indenture;

Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to them in the Senior Notes Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Additional Senior Note Guarantor covenants and agrees for the equal and ratable benefit of the Trustee and the Holders of the Senior Notes as follows:

1. Guarantee. The Additional Senior Note Guarantor hereby jointly and severally with all other Senior Note Guarantors unconditionally guarantees the Issuers’ obligations under the Senior Notes and the Senior Notes Indenture on the terms and subject to the conditions set forth in Article X of the Senior Notes Indenture and agrees to be bound as a Senior Note Guarantor by all the other applicable provisions of the Senior Notes Indenture.

2. Ratification of Senior Notes Indenture; Senior Notes Supplemental Indenture Part of Senior Notes Indenture. Except as expressly amended hereby, the Senior Notes Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Senior Notes Supplemental Indenture shall form a part of the Senior Notes Indenture for all purposes, and every holder of a Senior Note heretofore or hereafter authenticated and delivered shall be bound hereby.

3. Governing Law. **THIS SENIOR NOTES SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND THE ADDITIONAL SENIOR NOTE GUARANTOR AGREES TO SECTION 13.09 OF THE INDENTURE, INCLUDING WITH RESPECT TO SUBMISSION TO JURISDICTION, WAIVER OF OBJECTION TO VENUE IN THE STATE AND FEDERAL COURTS LOCATED IN THE BOROUGH OF MANHATTAN, NEW YORK, NEW YORK, AND PURSUANT TO SECTION 13.08, THE WAIVER OF ANY RIGHT TO TRIAL BY JURY.**

4. Trustee Makes No Representations. The Trustee makes no representation as to the validity or sufficiency of this Senior Notes Supplemental Indenture.

5. Duplicate Originals. The parties may sign any number of copies of this Senior Notes Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

7. No Adverse Interpretation of Other Agreements. This Senior Notes Supplemental Indenture may not be used to interpret another indenture, loan or debt agreement of the Issuers, BP I, RGHL or any of their Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Senior Notes Supplemental Indenture.

8. No Recourse Against Others. No (i) director, officer, employee, manager, incorporator or holder of any Equity Interests in BP I or any Issuer or any direct or indirect parent corporation or (ii) director, officer, employee or manager of the Additional Senior Note Guarantor, will have any liability for any obligations of the Issuers under the Senior Notes, this Senior Notes Supplemental Indenture, the Senior Notes Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation; provided, however, the foregoing shall not in any manner affect the liability of the Additional Senior Note Guarantor with respect to its Senior Note Guarantee. Each holder of Senior Notes by accepting a Senior Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

9. Indemnity. (a) The Issuers, BP I and the Additional Senior Note Guarantor executing this Senior Notes Supplemental Indenture, subject to Section 10.08 of the Senior Notes Indenture, jointly and severally, shall indemnify the Trustee and each Agent (which in each case, for purposes of this Section, shall



include its officers, directors, employees, agents and counsel) against any and all loss, liability, claim, taxes, costs, damage or expense (including properly incurred attorneys' fees and expenses) incurred by or in connection with the acceptance or administration of this trust and the performance of its duties hereunder, including the costs and expenses of enforcing this Senior Notes Supplemental Indenture or a Senior Note Guarantee provided herein against the Issuers, BP I or the Additional Senior Note Guarantor (including this Section) and defending itself against or investigating any claim (whether asserted by the Issuers, BP I, the Additional Senior Note Guarantor, any Holder or any other Person). The obligation to pay such amounts shall survive the payment in full or defeasance of the Senior Notes or the removal or resignation of the Trustee or the applicable Agent. The Trustee or the applicable Agent shall notify the Issuers of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; *provided, however*, that any failure so to notify the Issuers shall not relieve any of the Issuers, BP I or the Additional Senior Note Guarantor executing this Senior Notes Supplemental Indenture of its indemnity obligations hereunder. The Issuers shall defend the claim and the indemnified party shall provide reasonable cooperation at the Issuers' expense in the defense. Such indemnified parties may have separate counsel and the Issuers, BP I and the Additional Senior Note Guarantor, as applicable, shall pay the fees and expenses of such counsel. The Issuers need not reimburse any expense or indemnify against any loss, liability or expense incurred by an indemnified party solely through such party's own willful misconduct, negligence or bad faith.

(a) To secure the payment obligations of the Issuers, BP I and the Additional Senior Note Guarantor in this Section, the Trustee shall have a Lien prior to the Senior Notes on all money or property held or collected by the Trustee other than money or property held to pay principal of and interest on the Senior Notes.

10. Successors and Assigns. All covenants and agreements of the Issuers and the Additional Senior Note Guarantor in this Senior Notes Supplemental Indenture and the Senior Notes shall bind their respective successors and assigns. All agreements of the Trustee in this Senior Notes Supplemental Indenture shall bind its successors and assigns.

11. Severability. In case any one or more of the provisions contained in this Senior Notes Supplemental Indenture or the Senior Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Senior Notes Supplemental Indenture or the Senior Notes.

12. Notices. Any order, consent, notice or communication shall be sufficiently given if in writing and delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

If to any of the Issuers or the Additional Senior Note Guarantor:

[●]

If to the Trustee, Principal Paying Agent, Transfer Agent or Registrar:

[●]



with a copy to

[●]

13. Amendments and Modification. This Senior Notes Supplemental Indenture may be amended, modified, or supplemented only as permitted by the Senior Notes Indenture and by written agreement of each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Senior Notes Supplemental Indenture to be duly executed as of the date first above written.

[Execution Blocks]

#### **List of Substantially Similar Supplemental Indentures**

1. First Senior Notes Supplemental Indenture to the 7.00% Senior Notes due 2024, dated as of October 25, 2016, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent and registrar
2. Fourth Senior Notes Supplemental Indenture to the 7.00% Senior Notes due 2024, dated as of November 21, 2017, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent and registrar
3. Fifth Senior Notes Supplemental Indenture to the 7.00% Senior Notes due 2024, dated as of December 11, 2018, among Reynolds Group Issuer LLC, Reynolds Group Issuer, Inc., Reynolds Group Issuer (Luxembourg) S.A., certain additional note guarantors listed thereto, Beverage Packaging Holdings (Luxembourg) I S.A., The Bank of New York Mellon, as trustee, principal paying agent, transfer agent and registrar

[FORM OF GUARNTOR JOINDER AGREEMENT]

GUARANTOR JOINDER (this “**Joinder**”) dated as of [●] to the [●<sup>1</sup>] (as amended, supplemented or otherwise modified from time to time, the “[●] **Amended and Restated Credit Agreement**”), among [REYNOLDS GROUP HOLDINGS INC., a Delaware corporation, REYNOLDS CONSUMER PRODUCTS HOLDINGS LLC, a Delaware limited liability company, PACTIV LLC, a Delaware limited liability company, CLOSURE SYSTEMS INTERNATIONAL HOLDINGS LLC, a Delaware limited liability company, EVERGREEN PACKAGING INC., a Delaware corporation, REYNOLDS CONSUMER PRODUCTS LLC, a Delaware limited liability company, CLOSURE SYSTEMS INTERNATIONAL INC., a Delaware corporation, GRAHAM PACKAGING COMPANY INC., a Delaware corporation, CLOSURE SYSTEMS INTERNATIONAL LIMITED (f/k/a Closure Systems International, B.V.), a New Zealand limited liability company, BEVERAGE PACKAGING HOLDINGS III LIMITED (f/k/a Beverage Packaging Holdings (Luxembourg) III S.à r.l.), a New Zealand limited liability company<sup>2</sup>], REYNOLDS GROUP HOLDINGS LIMITED, a New Zealand limited liability company, the Guarantors, the Lenders and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH as Administrative Agent.

A. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the [●] Amended and Restated Credit Agreement.

B. The Guarantors have entered into the [●] Amended and Restated Credit Agreement in order to induce the Lenders to make Loans and the Issuing Banks to issue Letters of Credit. Section 5.12 of the [●] Amended and Restated Credit Agreement provides that additional Subsidiaries may become Guarantors under the [●] Amended and Restated Credit Agreement by execution and delivery of an instrument substantially in the form of this Joinder. The undersigned Borrower or Subsidiary (the “**New Guarantor**”) is executing this Joinder in accordance with the requirements of the [●] Amended and Restated Credit Agreement to become a Guarantor under the [●] Amended and Restated Credit Agreement in order to induce the Lenders to make additional Loans and the Issuing Banks to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Administrative Agent and the New Guarantor agree as follows:

SECTION 1. In accordance with Section 5.12 of the [●] Amended and Restated Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the [●] Amended and Restated Credit Agreement with the same force and effect as if originally named therein as a Guarantor and the New Guarantor hereby (i) agrees to all the terms and provisions of the [●] Amended and Restated Credit Agreement applicable to it as a Guarantor thereunder and (ii) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects on and as of the date hereof, except to the

<sup>1</sup> Description of Credit Agreement (eg. Fourth Amended and Restated Credit Agreement)

<sup>2</sup> Description of parties to the Credit Agreement may differ depending on applicable Credit Agreement

extent such representations and warranties expressly relate to an earlier date. Each reference to a “Guarantor” in the [●] Amended and Restated Credit Agreement shall be deemed to include the New Guarantor. The [●] Amended and Restated Credit Agreement is hereby incorporated herein by reference.

SECTION 2. The New Guarantor hereby agrees to be bound by and become a party to the First Lien Intercreditor Agreement, as amended, supplemented or otherwise modified from time to time, as if originally named a Guarantor therein .

SECTION 3. The New Guarantor represents and warrants to the Administrative Agent and the other Secured Parties that this Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 4. The New Guarantor is a limited liability company duly organized under the laws of Delaware.

SECTION 5. The New Guarantor confirms that no Default has occurred or would occur as a result of the New Guarantor becoming a Guarantor under the [●] Amended and Restated Credit Agreement.

SECTION 6. This Joinder may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Joinder shall become effective when the Administrative Agent shall have received counterparts of this Joinder that, when taken together, bear the signatures of the New Guarantor and the Administrative Agent. Delivery of an executed signature page to this Joinder by facsimile transmission or other electronic transmission (e.g., “pdf”) shall be as effective as delivery of a manually signed counterpart of this Joinder.

SECTION 7. Except as expressly supplemented hereby, the [●] Amended and Restated Credit Agreement shall remain in full force and effect.

**SECTION 8. THIS JOINDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 9. In case any one or more of the provisions contained in this Joinder should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the [●] Amended and Restated Credit Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10. All communications and notices hereunder shall (except as otherwise expressly permitted by the [●] Amended and Restated Credit Agreement) be in writing and given as provided in Section 9.01 of the [●] Amended and Restated Credit Agreement. All communications and notices hereunder to the New Guarantor shall be given to it in care of Holdings as provided in Section 9.01 of the [●] Amended and Restated Credit Agreement.

SECTION 11. The New Guarantor agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Joinder, including the fees, other charges and disbursements of counsel for the Administrative Agent.

IN WITNESS WHEREOF, the New Guarantor and the Administrative Agent have duly executed this Joinder as of the day and year first above written.

[Execution Block for New Guarantor]

CREDIT SUISSE AG, CAYMAN ISLANDS  
BRANCH, as Administrative Agent

by

\_\_\_\_\_  
Name:

Title:

by

\_\_\_\_\_  
Name:

Title:

### List of Substantially Similar Agreements

1. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of May 4, 2010, between Evergreen Packaging Inc., and Credit Suisse AG, Cayman Islands Branch, as administrative agent

2. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of May 4, 2010, between Blue Ridge Holding Corp., and Credit Suisse AG, Cayman Islands Branch, as administrative agent
3. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of May 4, 2010, between Blue Ridge Paper Products Inc., and Credit Suisse AG, Cayman Islands Branch, as administrative agent
4. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of May 4, 2010, between BRPP, LLC, and Credit Suisse AG, Cayman Islands Branch, as administrative agent
5. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of May 4, 2010, between Evergreen Packaging Canada Limited, and Credit Suisse AG, Cayman Islands Branch, as administrative agent
6. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of May 4, 2010, between Evergreen Packaging International B.V., and Credit Suisse AG, Cayman Islands Branch, as administrative agent
7. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of May 4, 2010, between Reynolds Packaging International B.V. and Credit Suisse AG, Cayman Islands Branch, as administrative agent
8. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of November 16, 2010, between Pactiv International Holdings Inc. and Credit Suisse AG, Cayman Islands Branch, as administrative agent
9. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of November 16, 2010, between Pactiv Management Company LLC and Credit Suisse AG, Cayman Islands Branch, as administrative agent
10. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of November 16, 2010, between PCA West Inc. and Credit Suisse AG, Cayman Islands Branch, as administrative agent
11. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of November 16, 2010, between Pactiv Corporation (now known as Pactiv LLC.) and Credit Suisse AG, Cayman Islands Branch, as administrative agent
12. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of November 16, 2010, between Pactiv Packaging Inc. (formerly PWP Industries, Inc.) and Credit Suisse AG, Cayman Islands Branch, as administrative agent
13. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of November 16, 2010, between Pactiv Canada Inc. and Credit Suisse AG, Cayman Islands Branch, as administrative agent
14. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of September 8, 2011, between Graham Packaging Company Inc., BCP/Graham Holdings LLC and Credit Suisse AG, Cayman Islands Branch, as administrative agent
15. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of October 14, 2011, between Reynolds Manufacturing, Inc., RenPac Holdings Inc. and Credit Suisse AG, Cayman Islands Branch, as administrative agent
16. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of March 20, 2012, between certain additional guarantors and Credit Suisse AG, Cayman Islands Branch, as administrative agent
17. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of February 14, 2014 between certain additional guarantors and Credit Suisse AG, Cayman Islands Branch, as administrative agent
18. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of December 14, 2012, between Beverage Packaging Holdings (Luxembourg) V S.A. and Credit Suisse AG, Cayman Islands Branch, as administrative agent
19. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of June 30, 2014 between certain additional guarantors and Credit Suisse AG, Cayman Islands Branch, as administrative agent
20. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement) dated as of December 18, 2014 between certain additional guarantors and Credit Suisse AG, Cayman Islands Branch, as administrative agent
21. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of October 25, 2016 between GEC Packaging Technologies LLC and Credit Suisse AG, Cayman Islands Branch, as administrative agent
22. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of November 21, 2017, between GPC US LLC and Credit Suisse AG, Cayman Islands Branch, as administrative agent
23. Guarantor Joinder to the Credit Agreement (Joinder to First Lien Intercreditor Agreement), dated as of December 11, 2018, between Reynolds Packaging I Limited and Credit Suisse AG, Cayman Islands Branch, as administrative agent

## **SERVICES AGREEMENT**

THIS SERVICES AGREEMENT (this “Agreement”), effective as of March 1, 2018, by and among Rank Group Limited, a corporation organized under the laws of New Zealand (“RGL”), Rank Group North America, Inc., a corporation organized under the laws of Delaware (“RGNA”) (each a “Service Provider”), and Reynolds Group Holdings Inc., a corporation organized under the laws of Delaware (the “Service Recipient”).

**WHEREAS**, RGL is directly owned by Graeme Richard Hart (“Mr. Hart”);

**WHEREAS**, RGNA is a direct subsidiary of RGL;

**WHEREAS**, the Service Recipient operates through itself and its various subsidiaries, and is indirectly owned by Mr. Hart;

**WHEREAS**, the Service Recipient is seeking assistance, including for certain of its affiliates, with respect to certain categories of management services;

**WHEREAS**, each Service Provider desires to provide, either directly or through certain of its affiliates (in its sole discretion), certain categories of management services to the Service Recipient (and to certain of its affiliates);

**WHEREAS**, each Service Provider has the requisite knowledge and expertise to provide such management services; and

**WHEREAS**, the parties wish to enter into this Agreement to specify the terms on which the Services (defined below) will be provided.

**NOW THEREFORE**, in consideration of the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### **Section 1. SERVICE PROVIDERS’ DUTIES AND RESPONSIBILITIES**

1.1 The Service Recipient hereby hires each Service Provider to render, and each Service Provider hereby agrees to render, the management services described in Exhibit A (the “Services”). The Services will be provided by either the Service Providers’ or any of their affiliates’ personnel, or by third parties contracted by either Service Provider in a manner that most efficiently meets the needs of the Service Recipient, which in each case will be determined by the relevant Service Provider in its sole discretion.

1.2 In no event will either Service Provider be liable to the Service Recipient for any financial loss to the Service Recipient in connection with the provision of Services under this Agreement.

## Section 2. SERVICE FEE AND PAYMENT

2.1 Each Service Provider will charge the Service Recipient, and the Service Recipient will pay each Service Provider, an arm's length service fee for the Services provided, which shall be equal to the amount determined in accordance with Exhibit B (the "Service Fee").

2.2 The costs incurred by each Service Provider in providing the Services under this Agreement will be calculated using a generally accepted cost accounting system and will be based on actual direct and indirect costs incurred by the relevant Service Provider or any of their affiliates' personnel or costs incurred by third parties contracted by the relevant Service Provider.

2.3 All payments made by the Service Recipient under this Agreement will be in U.S. dollars net of any deduction or withholding for any and all Taxes (defined below) imposed on any party by the local taxing authority.

2.4 Each Service Provider will invoice the Service Recipient for the Service Fee monthly. Each such invoice shall be payable upon receipt by the Service Recipient. Interest will be charged on past due unpaid balances in the amount of the maximum interest rate per month legally permitted under the jurisdiction of the Service Recipient. Payment will be made in the United States of America in accordance with the terms of the applicable invoice.

2.5 The parties have established this Agreement with the intent to satisfy the arm's length standard under local law. The parties intend to maintain contemporaneous documentation to support the determination of the Service Fee. In the event that the local taxing authority of any party makes an adjustment to any intercompany transaction and the local party has used its best efforts to resolve the matter, the parties hereby mutually agree that each is contractually bound to reimburse the other an amount equal to any final transfer pricing adjustment determined by said local taxing authority regarding the intercompany transactions at issue. This adjustment includes interest, penalty and any other additions to tax. Any reimbursement under this provision is to be made regardless of any local tax authority or tax treaty procedural matters relating to this Agreement.

2.6 Each Service Provider will maintain corporate records that adequately support the invoices that it submitted to the Service Recipient and will make available such corporate records to the Service Recipient upon reasonable request.

## Section 3. TERM OF AGREEMENT AND TERMINATION

3.1 The initial term of this Agreement will commence as of the date set forth above and will continue until December 31, 2018 (the "Initial Term"). This Agreement will automatically renew thereafter for subsequent one year terms (expiring December 31) (each, a "Term") unless any party notifies the other parties in writing 30 days before the expiration of the Initial Term or such Term.

3.2 The parties agree that the terms of this Agreement accurately reflect the conduct of the parties since the effective date.

3.3 This Agreement may be terminated by mutual agreement in writing by the parties.

3.4 Each Service Provider may terminate this Agreement (i) immediately and without notice if the Service Recipient is declared insolvent or bankrupt, makes a general assignment for the benefit of creditors, or if a petition for bankruptcy, reorganization or liquidation is filed against it or (ii) 30 days after notice of a material breach of this Agreement to the Service Recipient if such material breach is not cured during such 30 day period.

3.5 The Service Recipient may terminate this Agreement (i) immediately and without notice if either of the Service Providers is declared insolvent or bankrupt, makes a general assignment for the benefit of creditors, or if a petition for bankruptcy, reorganization or liquidation is filed against it or (ii) 30 days after notice of a material breach of this Agreement to the Service Providers if such material breach is not cured during such 30 day period.

3.6 With respect to the Service Providers or Service Recipient, this Agreement shall terminate immediately and without notice if there is a change in the ownership or control of either Service Provider or the Service Recipient such that either of the Service Providers or Service Recipient is no longer wholly-owned directly or indirectly by Mr. Hart.

#### Section 4. TAXES

4.1 The term “Taxes” will mean any and all present and future levies, imposts, duties, deductions, charges, or withholdings and all liabilities with respect thereto imposed on any party by applicable tax authorities.

4.2 If the paying party is required by applicable law to deduct any Taxes from or in respect of any sum payable under or in respect of this Agreement to another party (i) the paying party shall make such deductions, and (ii) the paying party shall pay the full amount deducted to the relevant taxing authorities in accordance with the requirements of applicable law.

4.3 In addition, the paying party agrees to pay any present or future stamp, recording, documentary, excise, property or similar tax, charge or levy that arise from any payments made under or in respect of this Agreement.

#### Section 5. CONFIDENTIALITY

Each party agrees to keep confidential all business secrets and information provided or received by it under this Agreement.

#### Section 6. INDEPENDENT CONTRACTOR



Each Service Provider's status will be that of an independent contractor. Each Service Provider will not hold itself out as an employee, agent, representative or partner of, or joint venturer with, the Service Recipient by virtue of this Agreement (or the Services to be provided hereunder).

## Section 7. MISCELLANEOUS

7.1 Notice. All notices, requests, demands and other communications provided for herein will be deemed to have been given at the time delivered to a recognized international express courier or when sent by registered mail, return receipt requested, or by cablegram, telex or facsimile duly acknowledged, to such parties at the addresses for their principal office indicated above or to such other address as the party to who notice is to be given may have furnished to the other parties in writing.

7.2 Waiver. Any waiver by a party of a breach of any term or condition of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other term or condition hereof.

7.3 Severability. In the event that any of the provisions of this Agreement should be void or unenforceable, the other parts of this Agreement shall continue in full force and effect. The parties shall substitute the void or unenforceable provision with a valid provision with the same or substantially the same economic effects.

7.4 Governing Law. This Agreement will be governed by the laws of the State of New York and will be construed in accordance with said laws.

7.5 Dispute Resolution. Any claim or dispute arising under this Agreement will be amicably settled if possible by mutual consent. In the event of failure to settle such claim or dispute, the matter will be submitted to, and settled by, the RGL Chief Financial Officer.

7.6 Subsequent Parties. This Agreement will be binding upon and inure to the benefit of the parties hereto and to their respective successors, assigns, parents, subsidiaries or otherwise related or affiliated company(s).

7.7 Assignment. No assignment or other transfer of rights or obligations set forth herein may be made by either of the Service Providers without the prior written consent of the Service Recipient. No assignment or other transfer or rights or obligations set forth herein may be made by the Service Recipient without the prior written consent of each Service Provider.

7.8 Headings. The section headings of this Agreement are for convenience only and will not be deemed to affect in any way the meaning of the provisions to which they refer.

7.9 Entire Agreement. This Agreement represents the entire agreement between the parties and all prior assertions, understandings, warranties and representations are merged herein. It is a final integrated agreement which includes all the terms, conditions and representations between

the parties, and the parties make no warranties, covenants or agreements, express or implied, except those expressly set forth herein.

7.10 Amendment or Modification. This Agreement may be modified or amended only by a written document signed by each party to this Agreement.

7.11 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

**SERVICE PROVIDER**

**Rank Group Limited**

By: //s// Allen Hugli  
Name: Allen Hugli  
Title: Director

**SERVICE PROVIDER**

**Rank Group North America, Inc.**

By: //s// Allen Hugli  
Name: Allen Hugli  
Title: Director

**SERVICE RECIPIENT**

**Reynolds Group Holdings Inc.**

By: //s// Allen Hugli  
Name: Allen Hugli  
Title: Director

## EXHIBIT A

### SERVICES

The parties may agree to include other Services that directly benefit the operations of the Service Recipient from time to time.

#### 1. Office of the Chief Executive

- 1.1 Management - Overall management of the Service Recipient's operations globally. Manage general communication, strategic, corporate responsibility and financial activities that benefit the company and its image. Manage the company's broad message to customers and investors as well as make decisions on financial matters. Participate in corporate responsibility measures.
- 1.2 Strategy – Responsible for setting overall business strategy, including increasing operational performance and cost-cutting initiatives. Identify and analyze new products, initiatives and investments.

#### 2. Finance

- 2.1 Accounting – Provide oversight and support of financial reporting, bank covenant compliance, and statutory reporting.
- 2.2 Internal reporting and management – Support compilation of global financial consolidations and preparation of data for use in management decision making.
- 2.3 Tax - Provide oversight and support of global tax compliance and planning.

#### 3. Treasury and Risk Management

- 3.1 Treasury - Management of banking and funding, provide oversight of global credit utilization, and management of global hedging policies.
- 3.2 Cash management – Oversight and support for preparation of global liquidity reports for use by company executives and cash flow planning.

#### 4. IT

- 4.1 Infrastructure – Provide oversight and support for overall network management and the security and standardization of the global network.

## **5. HR**

- 5.1 Oversight and coordination - Provide general governance and strategic leadership to the corporate HR groups. Facilitate sharing of best practices, the simplification and unification of performance metrics, and the creation of a common performance management system. Responsible for global compensation, benefits, and pension planning and administration. Responsible for the administration of stock option compensation plans on a global basis.
- 5.2 Hiring – Responsible for hiring of key management or any HR personnel.

## **6. Legal**

- 6.1 Oversight and coordination - Responsible for overseeing mergers, acquisitions, divestments and financing from a legal perspective. Negotiate and draft agreements, and providing overall group legal strategy and advice.

## **7. Other**

Any other services similar, or ancillary, to the services otherwise set forth in this Exhibit A.

## **EXHIBIT B**

### **SERVICE FEE COMPUTATION**

Step 1: Each Service Provider employee shall allocate their time spent monthly on a timesheet which lists the relevant businesses and the percentage of time spent on each business.

Step 2: RGL management shall collect all Service Provider employee timesheets, and multiply each employee's direct labor costs by the percentages in their timesheets to calculate total direct overhead charges. This calculation will occur either on an employee by employee basis or in aggregate. An arm's-length mark-up on direct costs may be added as agreed to by the parties.

Step 3: Direct costs (plus any agreed mark-up, if applicable), will be added to any indirect costs incurred by each Service Provider for the benefit of Service Recipient to calculate a total cost pool. These charges will be billed according to the terms of the Agreement.

## 8.1 List of subsidiaries

	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest (%)
			2018	2017	2018
Alusud Argentina S.R.L.	Dec-31	Argentina	100	100	100
Graham Packaging Argentina S.R.L.	Dec-31	Argentina	100	100	100
Gulf Closures W.L.L. <sup>(a)</sup>	Dec-31	Bahrain	49	49	49
Graham Packaging Belgium BVBA	Dec-31	Belgium	100	100	100
Graham Packaging Lummen BVBA	Dec-31	Belgium	100	100	100
Closure Systems International (Brazil) Sistemas de Vedacao Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging do Brasil Indústria e Comércio Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging Paraná Ltda. <sup>(b)</sup>	Dec-31	Brazil	-	100	-
Resin Rio Comercio Ltda. <sup>(b)</sup>	Dec-31	Brazil	-	100	-
CSI Latin American Holdings Corporation	Dec-31	British Virgin Islands	100	100	100
Evergreen Packaging Canada Limited	Dec-31	Canada	100	100	100
Graham Packaging Canada Company	Dec-31	Canada	100	100	100
Pactiv Canada Inc.	Dec-31	Canada	100	100	100
Reynolds Consumer Products Canada Inc.	Dec-31	Canada	100	100	100
Alusud Embalajes Chile Ltda.	Dec-31	Chile	100	100	100
Closure Systems International (Guangzhou) Limited <sup>(c)</sup>	Dec-31	China	-	100	-
CSI Closure Systems (Hangzhou) Co., Ltd.	Dec-31	China	100	100	100
CSI Closure Systems (Tianjin) Co., Ltd. <sup>(c)</sup>	Dec-31	China	-	100	-
Evergreen Packaging (Shanghai) Co., Ltd.	Dec-31	China	100	100	100
Graham Packaging (Guangzhou) Co., Ltd. <sup>(c)</sup>	Dec-31	China	-	100	-
Graham Packaging (Taizhou) Co., Ltd.	Dec-31	China	100	100	100
Reynolds Metals (Shanghai) Ltd.	Dec-31	China	100	100	100
Techne Machineries Foshan Ltd (in liquidation) <sup>(d)</sup>	Dec-31	China	100	100	100
Zhejiang Zhongbao Pactiv Packaging Co., Ltd.	Dec-31	China	62.5	62.5	62.5
Alusud Embalajes Colombia Ltda.	Dec-31	Colombia	100	100	100
Closure Systems International (Colombia Trade) S.A.S.	Dec-31	Colombia	100	100	100
CSI Closure Systems Manufacturing de Centro America, Sociedad de Responsabilidad Limitada	Dec-31	Costa Rica	100	100	100
Closure Systems International (Egypt) LLC	Dec-31	Egypt	100	100	100
Evergreen Packaging de El Salvador, S.A. de C.V.	Dec-31	El Salvador	100	100	100
Graham Packaging Company Oy	Dec-31	Finland	100	100	100
Graham Packaging Europe S.N.C.	Dec-31	France	100	100	100
Graham Packaging France S.A.S.	Dec-31	France	100	100	100
Graham Packaging Normandy S.A.R.L.	Dec-31	France	100	100	100
Graham Packaging Villecomtal S.A.R.L.	Dec-31	France	100	100	100
Closure Systems International Machinery (Germany) GmbH	Dec-31	Germany	100	100	100
Pactiv Deutschland Holdinggesellschaft mbH	Dec-31	Germany	100	100	100
Pactiv-Omni Germany Holdings GmbH <sup>(b)</sup>	Dec-31	Germany	-	100	-
Closure Investment Holdings (Hong Kong) Limited <sup>(e)</sup>	Dec-31	Hong Kong	100	100	100

GP Asia Limited <sup>(f)</sup>	Dec-31	Hong Kong	100	100	100
Roots Investment Holding Private Limited <sup>(c)</sup>	Dec-31	Hong Kong	-	100	-
Technegen International Limited	Dec-31	Hong Kong	100	100	100
CSI Hungary Manufacturing and Trading Limited Liability Company	Dec-31	Hungary	100	100	100
Closure Systems International (I) Private Limited <sup>(c)</sup>	Mar-31	India	-	100	-
PT. Graham Packaging Indonesia	Dec-31	Indonesia	100	100	100
Closure Systems International Japan, Limited	Dec-31	Japan	100	100	100
Closure Systems International (Korea), Ltd. <sup>(c)</sup>	Dec-31	Korea	-	100	-
Evergreen Packaging Korea Limited	Dec-31	Korea	100	100	100
Graham Packaging European Holdings (Luxembourg) S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) I S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) II S.à r.l.	Dec-31	Luxembourg	100	100	100
CSI en Ensenada, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100



			Ownership interest (%)		Voting interest (%)
CSI en Saltillo, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI Tecniservicio, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Graham Packaging Plastic Products de Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Grupo Corporativo Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Grupo CSI de México, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Innovación y Asesoría en Plástico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Foodservice Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicio Terrestre Jaguar, S.A. de C.V. <sup>(b)</sup>	Dec-31	Mexico	-	100	-
Servicios Graham Packaging, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicios Industriales Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Servicios Integrales de Operacion, S.A. de C.V.	Dec-31	Mexico	100	100	100
Closure Systems International Nepal Private Limited <sup>(c)</sup>	Jul-16	Nepal	-	100	-
Graham Packaging Holdings B.V.	Dec-31	Netherlands	100	100	100
Graham Packaging Zoetermeer B.V.	Dec-31	Netherlands	100	100	100
Beverage Packaging (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Factoring Trust <sup>(g)</sup>	Dec-31	New Zealand	-	-	-
Beverage Packaging Holdings I Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Holdings III Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Holdings V Limited	Dec-31	New Zealand	100	100	100
Closure Systems International Limited	Dec-31	New Zealand	100	100	100
Evergreen Packaging International Limited	Dec-31	New Zealand	100	100	100
Reynolds Group Issuer (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Reynolds Packaging I Limited <sup>(h)</sup>	Dec 31	New Zealand	100	-	100
Reynolds Packaging International Limited	Dec-31	New Zealand	100	100	100
Alusud Peru S.A.	Dec-31	Peru	100	100	100
Closure Systems International (Philippines), Inc. <sup>(c)</sup>	Dec-31	Philippines	-	100	-
Graham Packaging Poland Sp. z o.o.	Dec-31	Poland	100	100	100
CSI Vostok Limited Liability Company (in liquidation) <sup>(d)</sup>	Dec-31	Russia	100	100	100
Pactiv Asia Pte Ltd	Dec-31	Singapore	100	100	100
Closure Systems International España, S.L.U.	Dec-31	Spain	100	100	100
Closure Systems International Holdings (Spain), S.A.U. <sup>(b)</sup>	Dec-31	Spain	-	100	-
Graham Packaging Iberica S.L.	Dec-31	Spain	100	100	100
Reynolds Food Packaging Spain, S.L.U. <sup>(c)</sup>	Dec-31	Spain	-	100	-
Evergreen Packaging (Taiwan) Co., Ltd.	Dec-31	Taiwan	100	100	100
Closure Systems International Plastik İthalat İhracat Sanayi Ve Ticaret Limited Sirketi	Dec-31	Turkey	100	100	100
Graham Packaging European Services Limited	Dec-31	United Kingdom	100	100	100
Graham Packaging Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	-	100	-
Ivex Holdings, Ltd. <sup>(c)</sup>	Dec-31	United Kingdom	-	100	-
Ivex Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	-	100	-
Kama Europe Limited <sup>(c)</sup>	Dec-31	United Kingdom	-	100	-
Pactiv (Films) Limited <sup>(c)</sup>	Dec-31	United Kingdom	-	100	-

Baker's Choice Products, Inc. <sup>(b)</sup>	Dec-31	U.S.A.	-	100	-
BCP/Graham Holdings L.L.C.	Dec-31	U.S.A.	100	100	100
Blue Ridge Holding LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
Blue Ridge Paper Products LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
BRPP, LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Americas, Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Holdings LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Packaging Machinery Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems Mexico Holdings LLC	Dec-31	U.S.A.	100	100	100
Coast-Packaging Company (California General Partnership) <sup>(a)</sup>	Dec-31	U.S.A.	50	50	50
CSI Mexico LLC	Dec-31	U.S.A.	100	100	100
CSI Sales & Technical Services Inc.	Dec-31	U.S.A.	100	100	100
Evergreen Packaging LLC <sup>(k)</sup>	Dec-31	U.S.A.	100	100	100

			Ownership interest (%)		Voting interest (%)
GEC Packaging Technologies LLC	Dec 31	U.S.A.	100	100	100
GPC Opco GP LLC	Dec-31	U.S.A.	100	100	100
GPC Sub GP LLC	Dec-31	U.S.A.	100	100	100
GPC US LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Europe LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Company, L.P.	Dec-31	U.S.A.	100	100	100
Graham Packaging Holdings Company	Dec-31	U.S.A.	100	100	100
Graham Packaging International Plastics Products Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Latin America, LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Leasing USA LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging PET Technologies Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Plastic Products LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging PX Company	Dec-31	U.S.A.	100	100	100
Graham Packaging PX Holding Corporation	Dec-31	U.S.A.	100	100	100
Graham Packaging PX, LLC	Dec-31	U.S.A.	100	100	100
Pactiv International Holdings Inc. <sup>(b)</sup>	Dec-31	U.S.A.	-	100	-
Pactiv LLC	Dec-31	U.S.A.	100	100	100
Pactiv Management Company LLC	Dec-31	U.S.A.	100	100	100
Pactiv Packaging Inc.	Dec-31	U.S.A.	100	100	100
PCA West Inc.	Dec-31	U.S.A.	100	100	100
RenPac Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products Holdings LLC	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products LLC	Dec-31	U.S.A.	100	100	100
Reynolds Group Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer LLC	Dec-31	U.S.A.	100	100	100
Reynolds Manufacturing, Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Presto Products Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Services Inc.	Dec-31	U.S.A.	100	100	100
Southern Plastics Inc.	Dec-31	U.S.A.	100	100	100
Trans Western Polymers, Inc.	Dec-31	U.S.A.	100	100	100

- (a) The Group has the control and it has the power to govern the financial and operating policies of the entity.
- (b) Merged during the year with another entity in the Group.
- (c) Sold during the year.
- (d) In voluntary liquidation.
- (e) Name changed during the year from Closure Systems International (Hong Kong) Limited.
- (f) Name changed during the year from Graham Packaging Asia Limited.
- (g) Included as a group entity on the basis that Beverage Packaging Holdings I Limited is the manager and beneficiary of this entity.
- (h) Incorporated during the year.
- (i) Name changed during the year from Blue Ridge Holding Corp.
- (j) Name changed during the year from Blue Ridge Paper Products Inc.
- (k) Name changed during the year from Evergreen Packaging Inc.

## Exhibit 12.1 - Rule 13a-14(a) Certification

I, Thomas Degnan, the Chief Executive Officer of Reynolds Group Holdings Limited (the "registrant"), certify that:

1. I have reviewed this annual report on Form 20-F of the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Thomas Degnan

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Thomas Degnan  
Chief Executive Officer  
February 13, 2019

## Exhibit 12.2 - Rule 13a-14(a) Certification

I, Allen Hugli, the Chief Financial Officer of Reynolds Group Holdings Limited (the "registrant"), certify that:

1. I have reviewed this annual report on Form 20-F of the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Allen Hugli

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Allen Hugli

Chief Financial Officer

February 13, 2019

**EXHIBIT 13.1 - CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas Degnan, the Chief Executive Officer of Reynolds Group Holdings Limited (the "Company"), certify that:

- (a) The annual report of the Company for the year ended December 31, 2018 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (b) The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas Degnan

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Thomas Degnan

Chief Executive Officer

February 13, 2019

**EXHIBIT 13.2 - CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Allen Hugli, the Chief Financial Officer of Reynolds Group Holdings Limited (the "Company"), certify that:

- (a) The annual report of the Company for the year ended December 31, 2018 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (b) The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Allen Hugli

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Allen Hugli

Chief Financial Officer

February 13, 2019

**Document and entity  
information  
shares in Millions**

**12 Months Ended  
Dec. 31, 2018  
shares**

**Document And Entity Information [Abstract]**

<u>Document Type</u>	20-F
<u>Amendment Flag</u>	false
<u>Document Period End Date</u>	Dec. 31, 2018
<u>Document Fiscal Year Focus</u>	2018
<u>Document Fiscal Period Focus</u>	FY
<u>Entity Registrant Name</u>	Reynolds Group Holdings Ltd
<u>Entity Central Index Key</u>	0001527508
<u>Current Fiscal Year End Date</u>	--12-31
<u>Entity Well-known Seasoned Issuer</u>	No
<u>Entity Current Reporting Status</u>	Yes
<u>Entity Filer Category</u>	Non-accelerated Filer
<u>Entity Common Stock, Shares Outstanding</u>	0



**Consolidated statements of  
comprehensive income -**

**USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016**

**Profit or loss [abstract]**

<u>Revenue</u>	\$ 10,660	\$ 10,524	\$ 10,646
<u>Cost of sales</u>	<sup>[1]</sup> (8,566)	(8,202)	(8,259)
<u>Gross profit</u>	2,094	2,322	2,387
<u>Selling, marketing and distribution expenses</u>	<sup>[1]</sup> (264)	(277)	(315)
<u>General and administration expenses</u>	<sup>[1]</sup> (697)	(745)	(855)
<u>Net other income (expenses)</u>	(279)	(78)	(72)
<u>Profit from operating activities</u>	854	1,222	1,145
<u>Financial income</u>	46	49	169
<u>Financial expenses</u>	(865)	(750)	(1,042)
<u>Net financial income (expenses)</u>	(819)	(701)	(873)
<u>Profit (loss) from continuing operations before income tax</u>	35	521	272
<u>Income tax (expense) benefit</u>	(40)	(81)	(105)
<u>Profit (loss) from continuing operations</u>	(5)	440	167
<u>Profit (loss) from discontinued operations, net of income tax</u>	0	(1)	(6)
<u>Profit (loss) for the year</u>	(5)	439	161

**Items that may be reclassified into profit (loss)**

<u>Exchange differences on translating foreign operations</u>	(63)	78	(66)
<u>Reclassification from foreign currency translation reserve</u>	23	25	0

**Items that will not be reclassified into profit (loss)**

<u>Remeasurement of defined benefit plans</u>	22	154	74
<u>Total other comprehensive income (loss), net of income tax</u>	(18)	257	8
<u>Total comprehensive income (loss)</u>	(23)	696	169

**Profit (loss) attributable to:**

<u>Equity holder of the Group - continuing operations</u>	(7)	438	165
<u>Equity holder of the Group - discontinued operations</u>	0	(1)	(6)
<u>Non-controlling interests</u>	2	2	2

**Total comprehensive income (loss) attributable to:**

<u>Equity holder of the Group - continuing operations</u>	(25)	695	173
<u>Equity holder of the Group - discontinued operations</u>	0	(1)	(6)
<u>Non-controlling interests</u>	\$ 2	\$ 2	\$ 2

[1] For information on expenses by nature, refer to notes 7, 8, 11, 12, 13, 16 and 22.

**Consolidated statements of  
financial position - USD (\$)  
\$ in Millions**

**Dec. 31, 2018 Dec. 31, 2017**

**Assets**

<u>Cash and cash equivalents</u>	\$ 783	\$ 617
<u>Trade and other receivables, net</u>	1,121	1,136
<u>Inventories</u>	1,411	1,370
<u>Current tax assets</u>	14	14
<u>Assets held for sale</u>	5	144
<u>Derivatives</u>	12	11
<u>Other assets</u>	82	40
<u>Total current assets</u>	3,428	3,332
<u>Related party and other non-current receivables</u>	348	352
<u>Investments in associates and joint ventures</u>	24	24
<u>Deferred tax assets</u>	28	32
<u>Property, plant and equipment</u>	3,021	2,923
<u>Intangible assets</u>	9,222	9,659
<u>Derivatives</u>	29	281
<u>Other assets</u>	78	79
<u>Total non-current assets</u>	12,750	13,350
<u>Total assets</u>	16,178	16,682

**Liabilities**

<u>Trade and other payables</u>	1,163	1,116
<u>Liabilities directly associated with assets held for sale</u>	0	34
<u>Borrowings</u>	455	470
<u>Current tax liabilities</u>	27	44
<u>Derivatives</u>	18	2
<u>Employee benefits</u>	178	213
<u>Provisions</u>	43	39
<u>Total current liabilities</u>	1,884	1,918
<u>Non-current payables</u>	45	45
<u>Borrowings</u>	10,580	10,919
<u>Deferred tax liabilities</u>	922	1,014
<u>Employee benefits</u>	1,041	1,045
<u>Provisions</u>	80	89
<u>Total non-current liabilities</u>	12,668	13,112
<u>Total liabilities</u>	14,552	15,030
<u>Net assets</u>	1,626	1,652

**Equity**

<u>Share capital</u>	1,664	1,664
<u>Reserves</u>	(1,734)	(1,728)
<u>Retained profits</u>	1,687	1,706
<u>Equity attributable to equity holder of the Group</u>	1,617	1,642

<u>Non-controlling interests</u>	9	10
<u>Total equity</u>	\$ 1,626	\$ 1,652

Consolidated statements of changes in equity - USD (\$) \$ in Millions	Total	Equity attributable to equity holder of the Group	Share capital	Translation of foreign operations	Other reserves	Retained profits	Non-controlling interests
<u>Equity, beginning balance at Dec. 31, 2015</u>	\$ 797	\$ 781	\$ 1,664	\$ (439)	\$ (1,557) <sup>[1]</sup>	\$ 1,113	\$ 16
<b><u>Total comprehensive income (loss) for the year:</u></b>							
<u>Profit (loss) after income tax</u>	161	159				159	2
<u>Remeasurement of defined benefit plans, net of income tax</u>	74	74			74	<sup>[1]</sup>	
<u>Foreign currency translation reserve</u>	(66)	(66)		(66)			
<u>Reclassification of foreign currency translation reserve upon disposal of businesses</u>	0						
<u>Total comprehensive income (loss) for the year</u>	169	167		(66)	74	<sup>[1]</sup> 159	2
<u>Change upon sale of businesses</u>	(7)						(7)
<u>Dividends paid to non-controlling interests</u>	(2)						(2)
<u>Equity, ending balance at Dec. 31, 2016</u>	957	948	1,664	(505)	(1,483) <sup>[1]</sup>	1,272	9
<b><u>Total comprehensive income (loss) for the year:</u></b>							
<u>Profit (loss) after income tax</u>	439	437				437	2
<u>Remeasurement of defined benefit plans, net of income tax</u>	154	154			154	<sup>[1]</sup>	
<u>Foreign currency translation reserve</u>	78	78		78			
<u>Reclassification of foreign currency translation reserve upon disposal of businesses</u>	25	25		25			
<u>Total comprehensive income (loss) for the year</u>	696	694		103	154	<sup>[1]</sup> 437	2
<u>Change upon sale of businesses</u>	0				3	<sup>[1]</sup> (3)	
<u>Dividends paid to non-controlling interests</u>	(1)						(1)
<u>Equity, ending balance at Dec. 31, 2017</u>	1,652	1,642	1,664	(402)	(1,326) <sup>[1]</sup>	1,706	10
<b><u>Total comprehensive income (loss) for the year:</u></b>							
<u>Profit (loss) after income tax</u>	(5)	(7)				(7)	2
<u>Remeasurement of defined benefit plans, net of income tax</u>	22	22			22	<sup>[1]</sup>	

<u>Foreign currency translation reserve</u>	(63)	(63)		(63)				
<u>Reclassification of foreign currency translation reserve upon disposal of businesses</u>	23	23		23				
<u>Total comprehensive income (loss) for the year</u>	(23)	(25)		(40)	22	[1](7)	2	
<u>Change upon sale of businesses</u>	0				12	[1](12)		
<u>Dividends paid to non-controlling interests</u>	(3)							(3)
<u>Equity, ending balance at Dec. 31, 2018</u>	\$ 1,626	\$ 1,617		\$ 1,664	\$ (442)	(1,292)[1]	\$ 1,687	\$ 9
<b><u>Total comprehensive income (loss) for the year:</u></b>								
<u>Reduction in equity from common control transactions</u>					\$ 1,561			

[1] Balances include the cumulative reduction in equity of \$1,561 million from common control transactions, with the remainder consisting of the cumulative remeasurement of defined benefit plans.

Consolidated statements of cash flows - USD (\$) \$ in Millions	12 Months Ended		
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<b><u>Cash flows from operating activities</u></b>			
Profit (loss)	\$ (5)	\$ 439	\$ 161
<b><u>Adjustments for:</u></b>			
Depreciation and amortization	655	674	707
Asset impairment charges	240	45	45
Foreign currency adjustments	0	1	5
Change in fair value of derivatives	22	0	(18)
(Gain) loss on sale or disposal of businesses and other assets	(6)	13	3
Business disposal costs	0	(1)	(1)
Share of profit of associates and joint ventures, net of income tax	(3)	(2)	(3)
Net financial (income) expenses	819	701	873
Premium on extinguishment of borrowings	(3)	(11)	(122)
Interest paid	(619)	(644)	(909)
Income tax expense (benefit)	40	81	105
Income taxes paid, net of refunds received	(143)	(196)	(163)
Change in trade and other receivables	(3)	(110)	9
Change in inventories	(83)	(151)	(2)
Change in trade and other payables	48	12	7
Change in provisions and employee benefits	(3)	1	176
Change in other assets and liabilities	(6)	(12)	3
Net cash from operating activities	950	840	876
<b><u>Cash flows from (used in) investing activities</u></b>			
Acquisition of property, plant and equipment and intangible assets	(585)	(410)	(324)
Proceeds from sale of property, plant and equipment and other assets	21	5	13
Disposal of businesses, net of cash disposed	118	44	149
Other	6	2	5
Net cash from (used in) investing activities	(440)	(359)	(157)
<b><u>Cash flows used in financing activities</u></b>			
Drawdown of borrowings	0	452	4,706
Repayment of borrowings	(352)	(1,221)	(6,339)
Payment of debt transaction costs	0	(10)	(110)
Other	(5)	(6)	(6)
Net cash used in financing activities	(357)	(785)	(1,749)
Net increase (decrease) in cash and cash equivalents	153	(304)	(1,030)
Cash and cash equivalents, beginning of period	617	932	1,977
Cash and cash equivalents classified as assets held for sale	20	3	0
Effect of exchange rate fluctuations on cash and cash equivalents	(7)	6	(12)
Cash and cash equivalents as of December 31	783	617	932
Cash and cash equivalents classified as assets held for sale	0	20	3

<a href="#">Cash and cash equivalents if different from statement of financial position</a>	783	637	935
<b><a href="#">Additional information [abstract]</a></b>			
<a href="#">Principal amount outstanding</a>	11,035	11,389	12,071
<a href="#">Related party receivable balance</a>			
<b><a href="#">Additional information [abstract]</a></b>			
<a href="#">Related party interest income</a>	\$ 17	\$ 17	\$ 17

## Reporting entity

**12 Months Ended  
Dec. 31, 2018**

### [General Information About Financial Statements](#)

#### [\[Abstract\]](#)

#### [Reporting entity](#)

#### **Reporting entity**

Reynolds Group Holdings Limited (the "Company") is a company domiciled in New Zealand and registered under the Companies Act 1993.

The consolidated financial statements of Reynolds Group Holdings Limited as of and for the year ended December 31, 2018 comprise the Company and its subsidiaries and their interests in associates and jointly controlled entities. Collectively, these entities are referred to as the "Group."

The Group is principally engaged in the manufacture and supply of consumer food and beverage packaging and storage products, primarily in North America, Asia, Europe and South America.

The address of the registered office of the Company is c/o: Rank Group Limited, Level 9, 148 Quay Street, Auckland 1010, New Zealand.



## Basis of preparation

**12 Months Ended  
Dec. 31, 2018**

[Disclosure of basis of preparation of financial statements \[Abstract\]](#)  
[Basis of preparation](#)

### Basis of preparation

#### 2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the Board of Directors (the "Directors") on February 13, 2019 in Chicago, Illinois (February 14, 2019 in Auckland, New Zealand).

#### 2.2 Going concern

The consolidated financial statements have been prepared using the going concern assumption.

#### 2.3 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for:

- certain components of inventory which are measured at net realizable value;
- defined benefit pension plan liabilities and post-employment medical plan liabilities which are measured under the projected unit credit method; and
- certain assets and liabilities, such as derivatives, which are measured at fair value.

Information disclosed in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the current year is for the twelve month period ended December 31, 2018. Information for the comparative years is for the twelve month periods ended December 31, 2017 and December 31, 2016.

#### 2.4 Presentation currency

These consolidated financial statements are presented in U.S. dollars ("\$"), which is the Group's presentation currency.

#### 2.5 Use of estimates and judgements

The preparation of the consolidated financial statements requires the Directors and management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Information about the areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is described in note 4.

## Significant accounting policies

12 Months Ended  
Dec. 31, 2018

### [Disclosure of significant accounting policies](#)

#### [\[Abstract\]](#)

#### [Significant accounting policies](#) Significant accounting policies

Except as detailed in note 3.15, the accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements by all Group entities.

#### 3.1 Basis of consolidation

##### (a) Subsidiaries

Subsidiaries are entities controlled by the parent of the Group. Control is achieved when the parent of the Group: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns from the investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there have been changes to one or more of these three elements of control. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, including the fair value of any contingent consideration and share-based payment awards (as measured in accordance with IFRS 2 "Share Based Payments") of the acquiree that are mandatorily replaced as a result of the transaction. Transaction costs that the Group incurs in connection with an acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are initially recognized at their proportionate share of the fair value of the net assets acquired.

During the measurement period, an acquirer can report provisional information for a business combination if by the end of the reporting period in which the combination occurs the accounting is incomplete. The measurement period, however, ends at the earlier of when the acquirer has received all of the necessary information to determine the fair values or one year from the date of the acquisition.

##### (b) Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting.

##### (c) Transactions between entities under common control

Common control transactions arise between entities that are under the ultimate ownership of the common sole shareholder, Mr. Graeme Hart.

Acquisitions of businesses under common control are accounted for as follows:

- predecessor value method requires the financial statements to be prepared using predecessor book values without any step up to fair values;
- premium or discount on acquisition is calculated as the difference between the total consideration paid and the book value of the share capital of the acquired entity, and is recognized directly in equity as a component of a separate reserve; and
- the results of operations and cash flows of the acquired entity are included on a restated basis in the financial statements from the date that common control originally commenced (i.e., from the date the business was acquired by Mr. Graeme Hart) as though the entities had always been combined from the common control date forward.

##### (d) Transactions eliminated on consolidation

Intra-group balances and unrealized items of income and expense arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

##### (e) Transactions with non-controlling interests

The Group accounts for transactions with non-controlling interests as transactions with the equity owner of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 3.2 Foreign currency

### (a) Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is New Zealand dollars ("NZ\$").

### (b) Foreign currency transactions

Foreign currency transactions are converted into the functional currency of the entity using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the respective entities at the exchange rate at that date.

Foreign currency transactional gains or losses are recognized in the statement of comprehensive income as a component of profit or loss, unless the underlying transaction is recognized directly in equity.

### (c) Foreign currency translations

The results of operations and financial position of those entities that have a functional currency different from the presentation currency of the Group are translated into the Group's presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the reporting date of the statement of financial position;
- (ii) income and expense items for each profit or loss item are translated at average exchange rates;
- (iii) items of other comprehensive income are translated at average exchange rates; and
- (iv) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized as a component of equity and included in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income as part of the gain or loss on the sale.

### (d) Significant exchange rates

The following significant exchange rates applied during the year:

	Average rate for the year ended December 31,			As of December 31,	
	2018	2017	2016	2018	2017
1 €	1.18	1.13	1.11	1.14	1.19
10 MXN	0.52	0.53	0.54	0.51	0.51
1 NZ\$	0.69	0.71	0.70	0.67	0.71
1 CA\$	0.77	0.77	0.75	0.73	0.80

## 3.3 Non-derivative financial instruments

Non-derivative financial instruments are comprised of cash and cash equivalents, trade and other receivables, trade and other payables and interest bearing borrowings.

A non-derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Non-derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognized initially at fair value, plus any directly attributable transaction costs for instruments not at fair value through profit or loss. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to offset exists and the Group intends to either settle the instrument net or realize the asset and liability simultaneously.

Upon initial acquisition the Group classifies its financial instruments in one of the following categories, which is dependent on the purpose for which the financial instruments were acquired or assumed.

**(a) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of less than three months. Bank overdrafts are included in borrowings and are classified as current liabilities in the statement of financial position except if repayable on demand, in which case they are included separately as a component of current liabilities. In the statement of cash flows, bank overdrafts are included as a component of cash and cash equivalents.

**(b) Loans and receivables**

The Group's loans and receivables are comprised of trade and other receivables (including related party receivables) which are stated at their cost less provision for impairment.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Given the short-term nature of trade receivables the carrying amount is a reasonable approximation of fair value.

**(c) Other liabilities**

Other liabilities are comprised of all non-derivative financial liabilities that are not disclosed as liabilities at fair value through profit or loss. Other liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The Group's other liabilities are comprised of trade and other payables and interest bearing borrowings, including those with related parties. The Group's other liabilities are measured as follows:

**(i) Trade and other payables**

Subsequent to initial recognition trade and other payables are stated at amortized cost using the effective interest method.

**(ii) Interest bearing borrowings including related party borrowings**

On initial recognition, borrowings are stated at fair value less transaction costs that are directly attributable to borrowings. Subsequent to initial recognition interest bearing borrowings are stated at amortized cost. Any difference between the amortized cost and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated by discounting the future contractual cash flows at the current market interest rates that are available for similar financial instruments.

**3.4 Derivative financial instruments**

A derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of an instrument at the trade date.

All derivatives are recognized at fair value based on a valuation model which includes consideration of credit risk, where applicable, and discounts the estimated future cash flows based on the terms and maturity of each contract using forward curves and market interest rates at the reporting date. Transaction costs are expensed as incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognized in the statement of comprehensive income as a component of profit or loss unless the derivative financial instrument qualifies for hedge accounting, and the Group elects to apply hedge accounting.

Derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to offset exists.

Derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the instrument expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Embedded derivatives are separated from the host contract and accounted for separately if the following conditions are met:

- (i) the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (iii) the combined instrument is not measured at fair value through profit or loss.

At the time of initial recognition of the embedded derivative an equal adjustment is also recognized against the host contract. The adjustment against the host contract is amortized over the remaining life of the host contract using the effective interest method.

Any embedded derivatives that are separated are measured at fair value with changes in fair value recognized through net financial expenses in the statement of comprehensive income as a component of profit or loss.

### **3.5 Inventories**

#### **(a) Raw materials, work in progress and finished goods**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

#### **(b) Engineering and maintenance materials**

Engineering and maintenance materials (representing either critical or long order components) are measured at the lower of cost and net realizable value. The cost of these inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is determined with reference to the cost of replacement of such items in the ordinary course of business compared to the current market prices.

### **3.6 Property, plant and equipment**

#### **(a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Property, plant and equipment acquired in a business combination is recorded at fair value, which is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of property, plant and equipment, which is determined by management, is based on the quoted market prices for similar items where available or based on the assessment of appropriately qualified independent valuers.

#### **(b) Assets under construction**

Assets under construction are transferred to the appropriate asset category when they are ready for their intended use. Assets under construction are not depreciated but tested for impairment at least annually or when there is an indication of impairment.

#### **(c) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as a component of profit or loss as incurred.

#### **(d) Depreciation**

Land is not depreciated. Depreciation on other assets is recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives for the material classes of property, plant and equipment are as follows:

- Buildings 20 to 50 years
- Plant and equipment 3 to 25 years
- Furniture and fixtures 3 to 20 years

Depreciation methods, useful lives and residual values are reassessed on an annual basis.

Gains and losses on the disposal of items of property, plant and equipment are determined by comparing the proceeds at the time of disposal with the net carrying amount of the asset.

### **3.7 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in borrowings as a finance lease obligation. Subsequent to initial recognition the liability is accounted for at amortized cost using the effective interest method and the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges which are recognized in the statement of comprehensive income as a component of profit or loss are allocated to each period during the lease term so as to reflect a constant rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the periods in which the payments are incurred.

Payments made under operating leases are recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the terms of the lease, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent lease payments arising under operating leases are recognized as an expense in the period in which the payments are incurred. Presently, all payments under operating leases are recognized on a straight-line basis over the term of the lease in the statement of comprehensive income.

In the event that lease incentives are received to enter into an operating lease, such incentives are deferred and recognized as a liability. The aggregated benefits of the lease incentives are amortized as a reduction to the lease expenses on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

### **3.8 Intangible assets**

#### **(a) Goodwill**

Goodwill arises on the acquisition of subsidiaries and business operations and is recognized at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest in the acquiree over the fair value of the identifiable net assets recognized. Goodwill is allocated to the operations that are expected to benefit from the business combination in which the goodwill arose after the allocation of purchase consideration is finalized.

Goodwill is not amortized. Goodwill is measured at cost less accumulated impairment losses and is tested at least annually for impairment. Goodwill is monitored for impairment testing at the segment level, which is the lowest level within the Group at which goodwill is monitored for internal management purposes.

#### **(b) Trademarks**

Trademarks are measured at cost less accumulated amortization and accumulated impairment losses. Trademarks acquired in a business combination are initially measured at fair value based on the discounted estimated royalty payments that have been avoided as a result of owning the trademark. Certain acquired trademarks are considered indefinite life intangible assets as they represent the value accumulated in the brand which is expected to continue indefinitely into the future and are recognized at cost less accumulated impairment losses.

#### **(c) Customer relationships**

Customer relationships represent the value attributable to purchased long-standing business relationships which have been cultivated over the years with customers. Customer relationships acquired in a business combination are initially recognized at fair value based on the discounted cash flows expected to be derived

from the relationship. Customer relationships are amortized using the straight-line method over the estimated remaining useful lives of the relationships, which are based on customer attrition rates and projected cash flows.

#### **(d) Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technological knowledge and understanding, is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technologically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. Intangible assets arising from development activities are measured at cost less accumulated amortization and accumulated impairment losses. Other development expenditure that does not qualify for capitalization is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

#### **(e) Other intangible assets**

Other intangible assets comprise permits, software, technology and patents. Other intangible assets that have finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Other intangible assets that have indefinite useful lives are carried at cost less accumulated impairment losses.

#### **(f) Subsequent costs**

Subsequent costs with respect to intangible assets are capitalized only when the expenditure increases the future economic benefits embodied in the specific asset to which the expenditure relates and it can be reliably measured. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

#### **(g) Amortization**

Amortization is recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life intangibles, from the date that the intangible assets are available for use.

The estimated useful lives for the material classes of amortizable intangible assets are as follows:

- Trademarks 5 to 15 years
- Customer relationships 6 to 25 years
- Software/technology 3 to 15 years
- Patents 5 to 14 years

### **3.9 Impairment**

The carrying amounts of the Group's assets are reviewed regularly and at least annually to determine whether there is any objective evidence of impairment. An impairment loss is recognized whenever the carrying amount of an asset, cash generating unit ("CGU") or group of CGUs exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognized in the statement of comprehensive income as a component of profit or loss.

#### **(a) Impairment of loans and receivables**

The Group's loans and receivables that are carried at amortized cost are assessed for impairment using the present value of estimated future cash flows. Long duration receivables are discounted using their original effective interest rate, while short duration receivables are not discounted.

Impairment is assessed on all instruments that are considered individually significant, based on that specific instrument's exposure. For trade receivables that are not individually significant, impairment is assessed on a portfolio basis, utilizing historical loss experiences on similarly aged portfolios.

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency with respect to interest or principal repayment; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio.



## **(b) Non-financial assets**

The carrying amounts of the Group's non-financial assets, including goodwill and indefinite life intangible assets, are reviewed at least annually to determine whether there is any indication of impairment. If any such indicators exist then the asset's or CGU's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amounts are estimated at least annually and whenever there is an indication that they may be impaired.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the statement of comprehensive income as a component of profit or loss. Impairment losses recognized with respect to a segment are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other non-financial assets in the CGU on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In assessing the fair value less costs to dispose for goodwill and certain trademarks, the forecasted future Adjusted EBITDA (as defined in note 5) to be generated by the asset or segment being assessed is multiplied by a relevant market indexed multiple ("earnings multiple"). The fair value less cost to dispose of the Reynolds® and Hefty® trademarks is first evaluated at the trademark level using the relief from royalty method. If no indication of impairment is identified, no further measurement is required. If the relief from royalty method indicates a possible impairment, the trade name is tested at the branded CGU level. Fair value at the branded CGU level would be determined based on estimated future cash flows that are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

Indefinite life intangible assets other than goodwill and the Reynolds® and Hefty® trademarks discussed above consist primarily of the Graham Packaging trademark and permits associated with various production plants. The fair value less cost to dispose for other indefinite life intangible assets are evaluated at the applicable CGU level.

With respect to assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's revised carrying amount will not exceed the net carrying amount that would have been determined if no impairment loss had been recognized.

## **3.10 Assets and liabilities classified as held for sale and discontinued operations**

### **(a) Assets and liabilities classified as held for sale**

Assets (or disposal groups comprised of assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. They are stated at the lower of carrying amount and fair value less costs to dispose. Upon reclassification the Group ceases to depreciate or amortize non-current assets classified as held for sale. Impairment losses on initial classification of an asset to being held for sale and subsequent gains or losses on remeasurement are recognized in the statement of comprehensive income as a component of profit or loss. Gains are not recognized in excess of any prior cumulative impairment losses.

### **(b) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary or business acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is revised as if the operation had been discontinued from the start of the earliest comparative period.

## **3.11 Employee benefits**

### **(a) Pension obligations**

The Group operates various defined contribution and defined benefit plans.

#### **(i) Defined contribution plans**

A defined contribution plan is a plan under which the employee and the Group pay fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions in relation to an employee's service in the current and prior years. The Group's contributions are recognized in the statement of comprehensive income as a component of profit or loss as incurred.



(ii) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The Group's net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits that employees have earned in return for their service in the current and prior years. These benefits are then discounted to determine the present value of the Group's obligations. The discount rate used is the yield on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The Group's net obligation is then determined with reference to the fair value of the plan assets (if any). The calculations are performed by qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability, which include actuarial gains and losses and the return on plan assets (excluding calculated interest) are recognized in the period of remeasurement in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the beginning net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other plan expenses are recognized in profit or loss.

Past service costs are recognized as an expense in profit or loss at the earlier of the plan amendment or curtailment, or when the related restructuring or termination benefits are recognized.

The Group also participates in a limited number of multi-employer pension plans. To the extent that sufficient information is not available to use defined benefit plan accounting, the Group accounts for its participation in the multi-employer plan as if it were a defined contribution plan.

**(b) Short-term employee benefits**

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of comprehensive income as a component of profit or loss as the related services are provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

**(c) Post-employment medical plans**

In certain jurisdictions the Group sponsors a number of defined benefit medical plans for certain existing employees and retirees. Typically these plans are unfunded and define a level of medical care that the individual will receive.

The Group's net obligation is calculated separately for each plan by estimating the current and future use of these services by eligible employees and the current and expected future medical costs associated with such services, which are discounted to determine their present value. The discount rate used is the yield on bonds that are denominated in the currency and jurisdiction in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed by qualified actuaries using the projected unit credit method with the use of mortality tables published by government agencies.

Past service costs are recognized in the statement of comprehensive income as a component of profit or loss in the current year.

**(d) Termination benefits**

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

**3.12 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision for the passage of time is recognized in financial expenses in the statement of comprehensive income as a component of profit or loss.

**(a) Legal**

The Group is subject to litigation in the ordinary course of operations. Provisions for legal claims are recognized when estimated costs associated with settling current legal proceedings are considered probable. Provisions may include estimated legal and other fees associated with settling these claims.

**(b) Restructuring**

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Business closure and rationalization provisions can include such items as employee severance or termination pay, site closure costs and onerous leases. No provision is made for future operating costs.

**(c) Asset retirement obligations**

A provision for decommissioning costs is recognized when the Group has an obligation to fulfill certain requirements upon the disposal of particular assets.

**3.13 Self-insured employee obligations**

**(a) Self-insured employee workers' compensation**

The Group is self-insured with respect to its workers' compensation obligations in the United States. As a component of its self-insured status the Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2018, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in provisions.

**(b) Self-insured employee health insurance**

The Group is self-insured for certain employee health insurance. The Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2018, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in employee benefits.

**3.14 Equity**

**(a) Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

**(b) Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currencies to the Group's presentation currency.

**(c) Other reserves**

The other reserves comprise balances resulting from transactions between entities under common control and remeasurement gains and losses arising on defined benefit plans.

In accordance with the Group's accounting policy for transactions between entities under common control (refer to note 3.1(c)), the Group has recognized in other reserves the difference between the total consideration paid for the businesses acquired and the book value of the share capital of the parent companies acquired for the transactions which occurred on November 5, 2009, May 4, 2010 and September 1, 2010.

**3.15 Revenue**

**(a) Revenue recognition for the year ended December 31, 2018**

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers." IFRS 15 contains a revised revenue recognition framework which provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised products or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those products or services. In accordance with the transition provisions in IFRS 15, the Group has elected to adopt the new rules using the modified retrospective method, in which case the cumulative effect of applying the standard is to be recognized at the date of initial application. Accordingly, the cumulative effect was recognized as of January 1, 2018. The Group elected to apply this method to all contracts that were not completed at the date of initial application. The adoption resulted in changes in accounting policies and immaterial adjustments to the amounts recognized in the financial statements, including the cumulative impact to retained earnings at January 1, 2018 as well as the results for the year ended December 31, 2018.

The Group manufactures and sells a range of consumer food, beverage and food service packaging products. The Group enters into a variety of arrangements with customers, including pricing arrangements and master supply arrangements, which outline the terms under which the Group does business with a specific customer. The Group also sells to some customers solely based on purchase orders. The Group has concluded that for the vast majority of its revenue, its contracts with customers are either a purchase order or the combination of a purchase order with a master supply arrangement.

Revenue is recognized for these arrangements over time or at a point in time depending on the Group's evaluation of when the customer obtains control of the promised products or services. Revenue from customer products which have no alternative use, for which an enforceable right to payment exists, is recognized over time due to the continuous transfer of control to the customer. This continuous transfer of control to the customer is supported by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience or by contractual termination clauses, and requires that the customer pay the Group for costs incurred plus a reasonable profit. Therefore, the Group will recognize revenue earlier for these arrangements, such that a portion of revenue will be recognized prior to the delivery of these products. All other revenue is recognized at a point in time, which is typically on delivery. All revenue is recognized net of any related rebates, discounts and tax. Refer to note 5 for additional information on disaggregated revenue.

The nature of the Group's contracts gives rise to several types of variable consideration. The recognition of revenue is dependent on the terms of the individual arrangements of a sale. In arriving at net revenue, the Group estimates the amount of deductions from revenue that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts. In addition, in certain businesses, the Group participates in customer pricing programs that provide price discounts to the ultimate end-users of the Group's products in the form of redeemable coupons. The Group's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of anticipated performance and all information reasonably available to the Group, including historical and current market trends which are affected by seasonality and competitiveness of promotional programs being offered. Accumulated experience is used to estimate and provide for the expected value of these discounts. The Group includes estimated amounts in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates are reviewed quarterly for possible revisions. In the event that future revenue deduction trends vary significantly from past or expected trends, reported revenue may increase or decrease by a material amount.

For arrangements that include multiple performance obligations, the Group allocates revenue to each performance obligation based on estimates of the price that would be charged to the customer for each promised product or service if it were sold on a standalone basis. The durations for these arrangements are short-term, not exceeding one year. The Group has elected to apply the practical expedients not to disclose additional information about its remaining performance obligations.

The Group does not have any material contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group does not incur any significant costs to obtain a contract.

#### **(b) Revenue recognition for the years ended December 31, 2017 and 2016**

Revenue consists primarily of the sale of goods and is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, volume rebates and other customer incentives. Revenue is recognized when the significant risks and rewards of ownership have been substantially transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards of ownership vary depending on the individual terms of the contract of sale and occur either upon shipment of the goods or upon receipt of the goods and/or their installation at a customer location.

### **3.16 Financial income and expenses**

Financial income is comprised of interest income, foreign currency gains and gains on derivative financial instruments in respect of financing activities that are recognized in the statement of comprehensive income as a component of profit or loss. Interest income is recognized as it accrues using the effective interest method.

Financial expenses are comprised of interest expense, amortization of capitalized transaction costs, foreign currency losses, losses on early extinguishment of debt, borrowing costs not qualifying for capitalization and losses on derivative financial instruments with respect to financing activities that are recognized in the statement of comprehensive income as a component of profit or loss.

### **3.17 Income tax**

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of comprehensive income as a component of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized with the associated items on a net basis.

Current tax is the expected tax payable (refundable) on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable (refundable) with respect to previous years.

Deferred tax is recognized using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized when the Group considers it more likely than not that the deferred tax asset will be recoverable. In determining if a deferred tax asset is recoverable, the Group considers the adequacy of future taxable income, including the reversal of taxable temporary differences, forecasted earnings, and available tax planning strategies. The recoverability of deferred tax assets is reviewed at each reporting date.

Deferred income tax assets and liabilities of the same taxing jurisdiction are netted in the consolidated statement of financial position only to the extent that there is a legally enforceable right to offset current tax assets and current tax liabilities, the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxing authority and are expected to be settled on a net basis or realized simultaneously.

For subsidiaries in which the earnings are not considered to be permanently reinvested, the additional tax consequences of future dividend distributions are provided for in the consolidated statement of financial position.

### **3.18 Sales tax, value added tax and goods and services tax**

All amounts (including cash flows) are shown exclusive of sales tax, value added tax ("VAT") and goods and services tax ("GST") to the extent the taxes are reclaimable, except for receivables and payables that are stated inclusive of sales tax, VAT and GST.

### **3.19 New and revised accounting standards and interpretations**

#### **(a) Interpretations and amendments to existing standards effective in 2018**

There have been no other interpretations or amendments to existing standards effective in 2018 that have an impact on the Group's financial statements.

#### **(b) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group**

The following standards and amendments to existing standards are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these consolidated financial statements:

In February 2018, the IASB issued an amendment to IAS 19, "Employee Benefits." This amendment requires an entity to: (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognize in profit or loss as part of past service costs, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment is applied prospectively to plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period beginning on or after January 1, 2019. The adoption of this amendment is not expected to have an impact on the Group's consolidated financial statements.

In June 2017, the IASB issued IFRIC Interpretation 23, "Uncertainty over Income Tax Treatments." IFRIC 23 is to be applied while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. The interpretation is effective for annual periods beginning on or after January 1, 2019, although early adoption is permitted. The adoption of this interpretation is not expected to have a material impact on the Group's consolidated financial statements.

In January 2016, the IASB issued IFRS 16 "Leases." The new standard supersedes IAS 17 "Leases" and related interpretations, and its objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model whereby a lessee is required to record a right-of-use asset and a lease liability for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and the subsequent depreciation of the right-of-use asset over the lease term. In addition, IFRS 16 replaces a portion of the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019. The Group will adopt IFRS 16 effective January 1, 2019 using a modified retrospective method and will not restate comparative periods. The Group is electing the practical expedients available under the transition guidance, which, among other things, allows a recognition exemption for short term and low value leases and the use of hindsight. Upon adoption, the Group expects to record right-of-use assets and lease liabilities in the range of approximately \$348 million to \$426 million, representing the present value of future lease payments with terms of greater than 12 months. While the Group is substantially complete with the implementation efforts, IFRS 16 also requires expanded disclosure regarding the amounts, timing and uncertainties of cash flows related to the Group's lease portfolio. The Group is evaluating these disclosure requirements and is incorporating the collection of relevant data into its processes in preparation for disclosure in 2019.

## Critical accounting estimates and assumptions

12 Months Ended  
Dec. 31, 2018

### Disclosure of accounting judgements and estimates

#### [Abstract]

### Critical accounting estimates and assumptions

#### **Critical accounting estimates and assumptions**

In the process of applying the Group's accounting policies management has made certain estimates and assumptions about the carrying amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The key assumptions concerning the future and other key sources of uncertainty with respect to estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are as follows:

#### **4.1 Impairment of assets**

##### **(a) Goodwill and indefinite life intangible assets**

Determining whether goodwill is impaired requires estimation of the recoverable values of a segment, which is the lowest level within the Group at which goodwill is monitored for internal management purposes. Determining whether indefinite life intangible assets are impaired requires estimation of the recoverable values of a CGU or group of CGUs to which these assets have been allocated. Recoverable values have been based on the higher of fair value less costs to dispose and value in use (as appropriate for the asset being reviewed). Significant judgment is involved with estimating the fair value of a segment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the segment and a suitable discount rate in order to calculate present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets, the assumptions used in impairment testing and an impairment charge recorded at Graham Packaging in the current year are provided in note 13.

##### **(b) Other assets**

Other assets, including property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A change in the Group's intended use of certain assets, such as a decision to rationalize manufacturing locations, may trigger a future impairment.

#### **4.2 Income taxes**

Determining the Group's worldwide income tax provision and income tax liability requires significant judgment and the use of accounting estimates and assumptions, some of which are highly uncertain. Each taxing jurisdiction's laws are complex and subject to differing interpretations by the taxpayer and the respective taxing authorities. Significant judgment is required in evaluating the Group's tax positions, including evaluating uncertainties. To the extent actual results differ from these estimates in future periods and depending on the tax strategies that the Group may implement, the Group's financial position may be directly affected.

#### **4.3 Realization of deferred tax assets**

Deferred tax assets represent deductions available to reduce taxable income in future years. The Group evaluates the recoverability of deferred tax assets by assessing the adequacy of future taxable income, including reversal of taxable temporary differences, forecasted earnings and available tax planning strategies. The forecasts of future taxable income rely heavily on the use of estimates. The Group recognizes deferred tax assets when the Group considers it more likely than not that the deferred tax asset will be recoverable.

#### **4.4 Measurement of obligations under defined benefit plans**

The Group operates a number of defined benefit pension plans. Amounts recognized under these plans are determined using actuarial methods. These actuarial valuations involve assumptions regarding discount rates, expected salary increases and life expectancy. These assumptions are reviewed at least annually and reflect estimates as of the measurement date.

Any change in these assumptions will impact the amounts reported in the statements of financial position, as well as net pension expense or income that may be recognized in future years.

#### **4.5 Promotional and trade allowances**

In arriving at net sales, the Group estimates the amount of deductions from sales that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts for consumer programs. In addition, in certain of its businesses, the Group pays slotting fees and participates in customer pricing programs that

provide price discounts to the ultimate end-users of its products in the form of redeemable coupons. Estimates for each of these programs are based on historical and current market trends which are affected by the business seasonality and competitiveness of promotional programs being offered. Estimates are reviewed quarterly for possible revisions.

## Segment reporting

**12 Months Ended  
Dec. 31, 2018**

### [Operating Segments](#)

#### [\[Abstract\]](#)

#### [Segment reporting](#)

#### Segment reporting

The Group's reportable business segments are as follows:

- **Reynolds Consumer Products** — Reynolds Consumer Products is a manufacturer of branded and store branded consumer products such as aluminum foil, wraps, waste bags, food storage bags and disposable tableware and cookware.
- **Pactiv Foodservice** — Pactiv Foodservice is a manufacturer of foodservice and food packaging products. Pactiv Foodservice offers a comprehensive range of products including tableware items, takeout service containers, clear rigid-display packaging, microwaveable containers, foam trays, dual-ovenable paperboard containers, cups and lids, molded fiber and plastic egg cartons, meat and poultry trays, absorbent tray pads, plastic film and aluminum containers.
- **Graham Packaging** — Graham Packaging is a designer and manufacturer of value-added, custom blow-molded plastic containers for consumer products.
- **Evergreen** — Evergreen is a vertically integrated manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk end-markets. Evergreen supplies integrated fresh carton packaging systems, which can include fresh cartons, spouts and filling machines. Evergreen produces liquid packaging board for its internal requirements and to sell to other manufacturers. Evergreen also produces paper products for commercial printing.
- **Closures** — Closures is a manufacturer of plastic and aluminum beverage caps, closures and high speed rotary capping equipment, primarily serving the carbonated soft drink, non-carbonated soft drink and bottled water segments of the global beverage market.

The Chief Operating Decision Maker does not review the business activities of the Group based on geography.

The accounting policies applied by each segment are the same as the Group's accounting policies. Results from operating activities represent the profit earned by each segment without allocation of central administrative revenues and expenses, financial income and expenses, and income tax benefit or expense.

The performance of the operating segments is assessed by the Chief Operating Decision Maker based on Adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense or benefit, net financial income or expenses, depreciation and amortization, adjusted to exclude certain items of a significant or unusual nature, including but not limited to acquisition costs, non-cash pension income or expense, restructuring costs, related party management fees, unrealized gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write-downs and equity method profit not distributed in cash.

Segment assets and liabilities exclude intercompany balances as a result of trade and borrowings between the segments. Corporate/unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions between segments.

#### Business segment reporting

For the year ended December 31, 2018							
(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,980	3,267	2,087	1,504	822	—	10,660
Total inter-segment revenue	164	511	—	99	39	(813)	—
<b>Total segment revenue</b>	<b>3,144</b>	<b>3,778</b>	<b>2,087</b>	<b>1,603</b>	<b>861</b>	<b>(813)</b>	<b>10,660</b>
Gross profit	849	606	265	233	142	(1)	2,094
Expenses and other income	(289)	(293)	(404)	(65)	(59)	(130)	(1,240)
<b>Earnings before interest and tax ("EBIT") from</b>	<b>560</b>	<b>313</b>	<b>(139)</b>	<b>168</b>	<b>83</b>	<b>(131)</b>	<b>854</b>



<b>continuing operations</b>	
Financial income	46
Financial expenses	(865)
<b>Profit (loss) from continuing operations before income tax</b>	<b>35</b>
Income tax (expense) benefit	(40)
<b>Profit (loss) from continuing operations</b>	<b>(5)</b>

<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>560</b>	<b>313</b>	<b>(139)</b>	<b>168</b>	<b>83</b>	<b>(131)</b>	<b>854</b>
Depreciation and amortization from continuing operations	83	204	253	63	52	—	655
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>643</b>	<b>517</b>	<b>114</b>	<b>231</b>	<b>135</b>	<b>(131)</b>	<b>1,509</b>

For the year ended December 31, 2018

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>643</b>	<b>517</b>	<b>114</b>	<b>231</b>	<b>135</b>	<b>(131)</b>	<b>1,509</b>
Included in EBITDA:							
Asset impairment charges, net of reversals	—	7	229	—	4	—	240

(Gain) loss on sale or disposal of businesses and non-current assets	—	23	—	—	(31)	—	(8)
Non-cash pension expense	—	—	—	—	—	56	56
Operational process engineering-related consultancy costs	—	14	—	—	—	—	14
Related party management fee	—	—	—	—	—	28	28
Restructuring costs, net of reversals	—	2	7	—	8	—	17
Unrealized (gain) loss on derivatives	14	6	—	2	—	—	22
Other	(5)	—	(1)	(3)	—	3	(6)
<b>Adjusted EBITDA from continuing operations</b>	<b>652</b>	<b>569</b>	<b>349</b>	<b>230</b>	<b>116</b>	<b>(44)</b>	<b>1,872</b>
<b>Segment assets (excluding intercompany balances)</b>	<b>4,108</b>	<b>4,702</b>	<b>3,958</b>	<b>1,129</b>	<b>994</b>	<b>1,287</b>	<b>16,178</b>
Included in segment assets are:							
Additions to property, plant and equipment	82	243	130	65	40	5	565
Additions to intangible assets	1	16	2	—	—	3	22
<b>Segment liabilities (excluding intercompany balances)</b>	<b>593</b>	<b>880</b>	<b>705</b>	<b>371</b>	<b>235</b>	<b>11,768</b>	<b>14,552</b>

**For the year ended December 31, 2017**

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,807	3,237	2,147	1,448	885	—	10,524
Total inter-segment revenue	152	492	—	114	16	(774)	—
<b>Total segment revenue</b>	<b>2,959</b>	<b>3,729</b>	<b>2,147</b>	<b>1,562</b>	<b>901</b>	<b>(774)</b>	<b>10,524</b>
Gross profit	853	721	323	276	155	(6)	2,322
Expenses and other income	(283)	(319)	(188)	(79)	(103)	(128)	(1,100)

<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>570</b>	<b>402</b>	<b>135</b>	<b>197</b>	<b>52</b>	<b>(134)</b>	<b>1,222</b>
Financial income							49
Financial expenses							(750)
<b>Profit (loss) from continuing operations before income tax</b>							<b>521</b>
Income tax (expense) benefit							(81)
<b>Profit (loss) from continuing operations</b>							<b>440</b>

<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>570</b>	<b>402</b>	<b>135</b>	<b>197</b>	<b>52</b>	<b>(134)</b>	<b>1,222</b>
Depreciation and amortization from continuing operations	86	205	257	59	66	1	674
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>656</b>	<b>607</b>	<b>392</b>	<b>256</b>	<b>118</b>	<b>(133)</b>	<b>1,896</b>

For the year ended December 31, 2017

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</b>	<b>656</b>	<b>607</b>	<b>392</b>	<b>256</b>	<b>118</b>	<b>(133)</b>	<b>1,896</b>
Included in EBITDA:							
Asset impairment	—	36	7	—	2	—	45

charges, net of reversals							
Non-cash pension expense, net of settlement gain	—	—	—	—	—	58	58
Operational process engineering-related consultancy costs	3	12	—	—	—	—	15
Related party management fee	—	—	—	—	—	31	31
Restructuring costs, net of reversals	5	8	4	2	4	—	23
Unrealized (gain) loss on derivatives	(4)	2	—	1	1	—	—
Other	—	12	(6)	(1)	6	(1)	10
<b>Adjusted EBITDA from continuing operations</b>	<b>660</b>	<b>677</b>	<b>397</b>	<b>258</b>	<b>131</b>	<b>(45)</b>	<b>2,078</b>
<b>Segment assets (excluding intercompany balances)</b>	<b>4,122</b>	<b>4,743</b>	<b>4,430</b>	<b>1,163</b>	<b>1,147</b>	<b>1,077</b>	<b>16,682</b>
<b>Included in segment assets are:</b>							
Additions to property, plant and equipment	55	104	136	63	31	3	392
Additions to intangible assets	2	2	4	3	—	1	12
<b>Segment liabilities (excluding intercompany balances)</b>	<b>596</b>	<b>881</b>	<b>814</b>	<b>386</b>	<b>255</b>	<b>12,098</b>	<b>15,030</b>

**For the year ended December 31, 2016**

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,790	3,254	2,223	1,467	912	—	10,646
Total inter-segment revenue	146	494	—	113	16	(769)	—
<b>Total segment revenue</b>	<b>2,936</b>	<b>3,748</b>	<b>2,223</b>	<b>1,580</b>	<b>928</b>	<b>(769)</b>	<b>10,646</b>
Gross profit	873	691	335	315	173	—	2,387
Expenses and other income	(307)	(333)	(202)	(88)	(108)	(204)	(1,242)
<b>Earnings before interest and tax</b>	<b>566</b>	<b>358</b>	<b>133</b>	<b>227</b>	<b>65</b>	<b>(204)</b>	<b>1,145</b>

**(“EBIT”) from  
continuing  
operations**

Financial income	169
Financial expenses	(1,042)
<b>Profit (loss) from continuing operations before income tax</b>	<b>272</b>
Income tax (expense) benefit	(105)
<b>Profit (loss) from continuing operations</b>	<b>167</b>

<b>Earnings before interest and tax (“EBIT”) from continuing operations</b>	<b>566</b>	<b>358</b>	<b>133</b>	<b>227</b>	<b>65</b>	<b>(204)</b>	<b>1,145</b>
Depreciation and amortization from continuing operations	92	223	269	57	65	1	707
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</b>	<b>658</b>	<b>581</b>	<b>402</b>	<b>284</b>	<b>130</b>	<b>(203)</b>	<b>1,852</b>

**For the year ended December 31, 2016**

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</b>	<b>658</b>	<b>581</b>	<b>402</b>	<b>284</b>	<b>130</b>	<b>(203)</b>	<b>1,852</b>
Included in EBITDA:							
Asset impairment	—	28	11	—	6	—	45

charges, net of reversals							
Non-cash change in multi-employer pension plan withdrawal liability	—	(1)	—	(10)	—	—	(11)
Non-cash pension expense	—	—	—	—	—	124	124
Operational process engineering-related consultancy costs	—	21	—	—	—	—	21
Related party management fee	—	—	—	—	—	40	40
Restructuring costs, net of reversals	—	31	12	1	5	—	49
Unrealized (gain) loss on derivatives	(8)	(7)	—	(3)	(2)	—	(20)
Other	—	9	(4)	(2)	(1)	1	3
<b>Adjusted EBITDA from continuing operations</b>	<b>650</b>	<b>662</b>	<b>421</b>	<b>270</b>	<b>138</b>	<b>(38)</b>	<b>2,103</b>

#### Information about geographic area

The Group's revenue from external customers from continuing operations and information about its segment assets (total non-current assets excluding financial instruments, non-current receivables and deferred tax assets) by geographic origin are detailed below. In presenting information on a geographic basis, revenue and assets have been reported based on the location of the business operations.

(In \$ million)	United States	Remaining North American Region	Asia	Europe	South America	Other	Total
<b>Total external revenue</b>							
<b>For the year ended December 31, 2018</b>							
Reynolds Consumer Products	3,081	61	2	—	—	—	<b>3,144</b>
Pactiv Foodservice	3,396	354	27	1	—	—	<b>3,778</b>
Graham Packaging	1,787	105	5	136	54	—	<b>2,087</b>
Evergreen	1,401	35	167	—	—	—	<b>1,603</b>
Closures	414	82	160	113	82	10	<b>861</b>
Corporate / unallocated*	(793)	(19)	—	(1)	—	—	<b>(813)</b>
<b>Total revenue for 2018</b>	<b>9,286</b>	<b>618</b>	<b>361</b>	<b>249</b>	<b>136</b>	<b>10</b>	<b>10,660</b>
<b>For the year ended December 31, 2017</b>							
Reynolds Consumer Products	2,865	92	2	—	—	—	<b>2,959</b>
Pactiv Foodservice	3,299	345	28	57	—	—	<b>3,729</b>
Graham Packaging	1,790	116	29	155	57	—	<b>2,147</b>
Evergreen	1,371	36	155	—	—	—	<b>1,562</b>
Closures	370	81	238	107	95	10	<b>901</b>

Corporate / unallocated*	(733)	(38)	(3)	—	—	—	(774)
<b>Total revenue for 2017</b>	<b>8,962</b>	<b>632</b>	<b>449</b>	<b>319</b>	<b>152</b>	<b>10</b>	<b>10,524</b>
<b>For the year ended December 31, 2016</b>							
Reynolds Consumer Products	2,844	90	2	—	—	—	2,936
Pactiv Foodservice	3,287	321	30	110	—	—	3,748
Graham Packaging	1,838	123	44	161	57	—	2,223
Evergreen	1,393	39	148	—	—	—	1,580
Closures	373	84	241	112	107	11	928
Corporate / unallocated*	(729)	(37)	(3)	—	—	—	(769)
<b>Total revenue for 2016</b>	<b>9,006</b>	<b>620</b>	<b>462</b>	<b>383</b>	<b>164</b>	<b>11</b>	<b>10,646</b>
<b>Non-current assets</b>							
As of December 31, 2018	11,664	266	176	159	57	23	12,345
As of December 31, 2017	11,861	279	179	213	79	74	12,685

\* Corporate/unallocated includes eliminations of transactions between segments.

There was no revenue from external customers in New Zealand, where the Company is domiciled, for any years presented. There were no non-current assets in New Zealand as of December 31, 2018 (2017: \$49 million).

#### Information about major customers

The Group had revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue. The revenue attributable to this customer for the year ended December 31, 2018 was \$1,268 million (2017: \$1,163 million, 2016: \$1,104 million) and is reported in the Reynolds Consumer Products segment.

#### Information about major product lines

Supplemental information on net sales by major product line for continuing operations is set forth below:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Reynolds Consumer Products</b>			
Waste and storage products	1,227	1,157	1,166
Cooking products	1,160	1,071	1,060
Tableware	757	731	710
<b>Pactiv Foodservice</b>			
Foodservice Packaging	3,778	3,729	3,748
<b>Graham Packaging</b>			
Food and beverage plastic containers	1,443	1,487	1,541
All other plastic containers	644	660	682
<b>Evergreen</b>			
Carton packaging	799	774	809
Liquid packaging board	438	453	414
Paper products	366	335	357
<b>Closures</b>			
Caps and closures	861	901	928
<b>Corporate / unallocated*</b>			
Inter-segment eliminations	(813)	(774)	(769)
<b>Total Revenue</b>	<b>10,660</b>	<b>10,524</b>	<b>10,646</b>

\* Corporate/unallocated includes eliminations of transactions between segments.



## Net other income (expenses)

12 Months Ended  
Dec. 31, 2018

[Disclosure of other operating income \(expense\) \[Abstract\]](#)  
[Net other income \(expenses\)](#)

### Net other income (expenses)

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Asset impairment charges, net of reversals	(240)	(45)	(45)
Gain (loss) on sale or disposal of businesses and non-current assets	8	(11)	(4)
Net foreign currency exchange gains (losses)	(2)	(2)	(10)
Related party management fee (refer to note 20)	(28)	(31)	(40)
Unrealized gain (loss) on derivatives (refer to note 19)	(22)	—	18
Other	5	11	9
<b>Net other income (expenses)</b>	<b>(279)</b>	<b>(78)</b>	<b>(72)</b>

Asset impairment charges for the year ended December 31, 2018 include a \$206 million goodwill impairment charge recorded at Graham Packaging. For further details, refer to note 13.

## Personnel expenses

**12 Months Ended  
Dec. 31, 2018**

[Analysis of income and  
expense \[abstract\]](#)

[Personnel expenses](#)

### Personnel expenses

Personnel expenses recognized in continuing operations in the statements of comprehensive income were \$2,057 million for the year ended December 31, 2018 (2017: \$2,058 million; 2016: \$2,122 million). Personnel expenses include salaries, wages, employee related taxes, short-term employee benefits, pension benefits (including plans assumed), post-employment medical benefits, other long-term employee benefits and non-cash pension expense related to the exit from a multi-employer pension plan. For additional details related to the post-employment benefit plans, refer to note 16.

**Financial income and  
expenses**

**12 Months Ended  
Dec. 31, 2018**

[Analysis of income and  
expense \[abstract\]](#)

[Financial income and expenses](#) **Financial income and expenses**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Interest income	5	3	5
Interest income on related party loans (refer to note 20)	17	17	17
Net gain in fair value of derivatives	—	29	134
Net foreign currency exchange gain	24	—	13
<b>Financial income</b>	<b>46</b>	<b>49</b>	<b>169</b>
Interest expense:			
Securitization Facility	(16)	(13)	(9)
Credit Agreement	(166)	(146)	(119)
Reynolds Notes:			
7.125% Senior Secured Notes due 2019	—	—	(26)
7.875% Senior Secured Notes due 2019	—	—	(27)
5.750% Senior Secured Notes due 2020	(180)	(186)	(186)
6.875% Senior Secured Notes due 2021	(26)	(44)	(65)
Floating Rate Senior Secured Notes due 2021	(35)	(35)	(16)
5.125% Senior Secured Notes due 2023	(82)	(82)	(41)
8.500% Senior Notes due 2018	—	—	(28)
9.000% Senior Notes due 2019	—	—	(28)
9.875% Senior Notes due 2019	—	—	(83)
8.250% Senior Notes due 2021	—	(4)	(75)
7.000% Senior Notes due 2024	(56)	(56)	(29)
2013 Notes:			
5.625% Senior Notes due 2016	—	—	(30)
6.000% Senior Subordinated Notes due 2017	—	—	(18)
Pactiv Notes:			
8.125% Debentures due 2017	—	(11)	(24)
6.400% Notes due 2018	—	(1)	(1)
7.950% Debentures due 2025	(22)	(22)	(22)
8.375% Debentures due 2027	(17)	(17)	(17)
Amortization of:			
Transaction costs	(16)	(17)	(28)
Fair value adjustment of acquired notes	(1)	1	2
Embedded derivatives	6	7	8
Net loss in fair value of derivatives	(245)	—	—
Net foreign currency exchange loss	—	(44)	—
Loss on extinguishment of debt <sup>(a)(b)(c)</sup>	(3)	(67)	(168)
Other	(6)	(13)	(12)
<b>Financial expenses</b>	<b>(865)</b>	<b>(750)</b>	<b>(1,042)</b>
<b>Net financial income (expenses)</b>	<b>(819)</b>	<b>(701)</b>	<b>(873)</b>

- (a) The 2018 loss on extinguishment of debt included \$3 million of redemption premiums related to the repayment of the 6.875% Senior Secured Notes due 2021.
- (b) The 2017 loss on extinguishment of debt included \$56 million related to the write-off of unamortized transaction costs and embedded derivatives arising from the repurchase of the 8.250% Senior Notes, the Credit Agreement refinancing and the Securitization Facility refinancing as well as \$11 million of redemption premiums related to the repurchase of the 8.250% Senior Notes and 5.750% Senior Secured Notes due 2020.
- (c) The 2016 loss on extinguishment of debt included \$125 million of redemption premiums and tender fees related to the repurchase of certain senior secured notes and senior notes using the proceeds from the issuance of the 5.125% Senior Secured Notes due 2023, the Floating Rate Senior Secured Notes due 2021 and the 7.000% Senior Notes due 2024, available cash and additional borrowings under the previous Securitization Facility. Also included is \$43 million related to the write-off of unamortized transaction costs and embedded derivatives arising from the repurchase of these notes.

Refer to note 15 for information on the Group's borrowings.

## Income tax

12 Months Ended  
Dec. 31, 2018

[Income Taxes \[Abstract\]](#)

[Income tax](#)

### Income tax

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Current tax (expense) benefit</b>			
Current year	(128)	(201)	(123)
Adjustments for prior years	(2)	2	(1)
	<b>(130)</b>	<b>(199)</b>	<b>(124)</b>
<b>Deferred tax (expense) benefit</b>			
Origination and reversal of temporary differences	83	100	16
Recognition of previously unrecognized tax losses and temporary differences	—	24	—
Adjustments for prior years	7	(6)	3
	<b>90</b>	<b>118</b>	<b>19</b>
<b>Income tax (expense) benefit</b>	<b>(40)</b>	<b>(81)</b>	<b>(105)</b>

In addition to the above amounts, the Group has recognized tax expense of \$10 million directly in other comprehensive income for the year ended December 31, 2018 (2017: \$25 million tax expense; 2016: \$45 million tax expense).

#### 9.1 Reconciliation of income tax expense

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Profit (loss) from continuing operations before income tax</b>	<b>35</b>	<b>521</b>	<b>272</b>
Income tax using the New Zealand tax rate of 28%	(10)	(146)	(76)
Effect of tax rates in foreign jurisdictions	(16)	(57)	(21)
Non-deductible expenses and permanent differences	(17)	(30)	(14)
Tax exempt income and income at a reduced tax rate	6	9	2
Goodwill impairment	(28)	—	—
Currency translation (gain) loss	(1)	25	11
Domestic manufacturing deduction	—	13	13
Withholding tax	(6)	(10)	(5)
Withholding tax related to prior periods	(7)	—	—
Deemed mandatory repatriation	—	(5)	—
Tax rate modifications	15	339	—
Write-off of previously recognized deferred tax assets	—	(228)	—
Recognition of deferred tax asset for previously unrecognized tax losses	—	24	—
Change in unrecognized tax losses and temporary differences	5	(21)	(15)
Tax on unremitted earnings	(2)	9	(1)
Tax uncertainties	12	(4)	1
Over (under) provided in prior periods	5	(4)	2
Other	4	5	(2)
<b>Total income tax (expense) benefit</b>	<b>(40)</b>	<b>(81)</b>	<b>(105)</b>

## 9.2 Changes in U.S. federal tax legislation and provisionally determined amounts

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Act"). In general, the Act (i) reduces the U.S. federal tax rate from a maximum of 35% to a flat rate of 21%, effective January 1, 2018; (ii) introduces amendments restricting the Group's ability to utilize the benefit of previously disallowed interest expense; (iii) imposes a deemed mandatory repatriation tax on certain deferred foreign earnings of the Group while introducing a participation exemption tax system; and (iv) on a prospective basis, starting with the year ending December 31, 2018, changes the computation of the Group's U.S. federal income tax, including the introduction of new components of income tax which may apply to the Group.

As of December 31, 2017, the Group has recognized provisional tax impacts based on reasonable estimates. These reasonable estimates are incorporated in the (i) remeasurement of deferred taxes from a tax rate of 35% to 21%; (ii) evaluation of whether the existing deferred tax asset associated with carried forward interest deductions continues to exist after December 31, 2017; and (iii) quantification of the transition tax associated with the introduction of the participation exemption tax system.

As detailed in note 9.1, the reduction in the U.S. federal tax rate from 35% to 21% has resulted in a tax benefit of \$339 million that is recognized in the income statement for the year ended December 31, 2017. The reduction in the U.S. federal tax rate from 35% to 21% has also resulted in a tax benefit of \$42 million for the year ended December 31, 2017 that has been recognized directly in equity.

As of December 31, 2016, the Group had recognized a deferred tax asset of \$562 million in respect of the expected future benefit from carried forward interest deductions. The Group has provisionally determined that it is more likely than not that the benefit will continue to be available under the Act. However, as the Act introduces new restrictions on the ability to claim interest deductions, the Group has provisionally determined that the future benefit that is probable of recovery is significantly less than the previously recognized deferred tax asset. This has resulted in a provisionally determined tax expense of \$228 million for the year ended December 31, 2017, which reflects the Group's current interpretations as to how future adjusted taxable income will be computed, and the overall estimated impact of the Act on projections of taxable income.

As detailed in note 9.1, the Group has recognized tax expense of \$5 million for the estimated liability arising from the deemed mandatory repatriation of earnings associated with the introduction of a participation exemption tax system. This estimated amount includes provisional interpretations as to how foreign earnings and profits should be measured on an interim basis.

During the year ended December 31, 2018, the Group finalized these provisionally determined amounts. There were no significant changes to any previously determined provisional amounts.

## 9.3 Current tax assets and liabilities

Current tax assets of \$14 million as of December 31, 2018 (2017: \$14 million) represent the amount of income taxes recoverable with respect to current and prior years and arise from the payment of tax in excess of the amounts due to the relevant tax authorities. Current tax liabilities of \$27 million as of December 31, 2018 (2017: \$44 million) represent the amount of income taxes payable with respect to current and prior years.

## 9.4 Movement in recognized deferred tax assets and liabilities

(In \$ million)	Derivatives	Property, plant and equipment	Intangible assets	Employee benefits	Tax loss carry- forwards	Interest	Other items	Net deferred tax assets (liabilities)
Balance as of January 1, 2017	(99)	(556)	(1,711)	492	97	562	141	(1,074)
Recognized in profit or loss	26	197	612	(214)	(12)	(450)	(41)	118
Recognized in equity	—	—	—	(20)	—	—	(5)	(25)
Other	—	(1)	(3)	—	—	—	3	(1)
<b>Balance as of December 31, 2017</b>	<b>(73)</b>	<b>(360)</b>	<b>(1,102)</b>	<b>258</b>	<b>85</b>	<b>112</b>	<b>98</b>	<b>(982)</b>
Recognized in profit or loss	73	(15)	48	20	(18)	9	(27)	90
Recognized in equity	—	—	—	(10)	—	—	3	(7)
Other	—	(1)	2	1	(2)	—	5	5
<b>Balance as of December 31, 2018</b>	<b>—</b>	<b>(376)</b>	<b>(1,052)</b>	<b>269</b>	<b>65</b>	<b>121</b>	<b>79</b>	<b>(894)</b>

As of December 31,

(In \$ million)	2018	2017
Included in the statement of financial position as:		
Deferred tax assets - non-current	28	32
Deferred tax liabilities - non-current	(922)	(1,014)
<b>Total recognized net deferred tax liabilities</b>	<b>(894)</b>	<b>(982)</b>

#### 9.5 Unrecognized deferred tax liabilities

To the extent that dividends are expected to be remitted from overseas subsidiaries, joint ventures and associates, and would result in additional income taxes payable, appropriate amounts have been provided for in the statements of financial position. No deferred tax liabilities have been provided for unremitted earnings of the Group's overseas subsidiaries when these amounts are considered permanently reinvested in the businesses of these subsidiaries. As of December 31, 2018, the unrecognized deferred tax liabilities associated with unremitted earnings totaled approximately \$63 million.

#### 9.6 Unrecognized deferred taxes

(In \$ million)	As of December 31,	
	2018	2017
Deductible (taxable) temporary differences	284	239
Tax losses	294	344
<b>Total unrecognized deferred tax assets</b>	<b>578</b>	<b>583</b>

The tax losses of the Group expire over different time intervals depending on local jurisdiction requirements. Certain deductible temporary differences do not expire under current tax legislation in the jurisdiction where the differences arose. Deferred tax assets have not been recognized with respect to these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefit.

**Trade and other receivables,  
net**

**12 Months Ended  
Dec. 31, 2018**

[Trade and other receivables \[abstract\]](#)

[Trade and other receivables, net](#)

**Trade and other receivables, net**

(In \$ million)	As of December 31,	
	2018	2017
Trade receivables	1,046	1,067
Provision for impairment	(6)	(8)
<b>Total trade receivables, net of provision for impairment</b>	<b>1,040</b>	<b>1,059</b>
Related party receivables (refer to note 20)	13	8
Other receivables	68	69
<b>Total current trade and other receivables, net</b>	<b>1,121</b>	<b>1,136</b>
Related party receivables (refer to note 20)	328	329
Other receivables	20	23
<b>Total non-current receivables</b>	<b>348</b>	<b>352</b>

**10.1 Aging of trade receivables, net of provision for impairment**

(In \$ million)	As of December 31,	
	2018	2017
Current	962	954
Past due 1 to 30 days	59	73
Past due 31 to 60 days	9	13
Past due 61 to 90 days	4	8
Past due more than 90 days	6	11
<b>Balance at the end of the year</b>	<b>1,040</b>	<b>1,059</b>



## Inventories

12 Months Ended  
Dec. 31, 2018

[Inventories \[Abstract\]](#)  
[Inventories](#)

### Inventories

(In \$ million)	As of December 31,	
	2018	2017
Raw materials and consumables	463	424
Work in progress	133	145
Finished goods	720	717
Engineering and maintenance materials	123	99
Provision against inventories	(28)	(15)
<b>Total inventories</b>	<b>1,411</b>	<b>1,370</b>

During the year ended December 31, 2018, the raw materials elements of inventories recognized in continuing operations in the statements of comprehensive income as a component of cost of sales totaled approximately \$4.7 billion (2017: \$4.6 billion; 2016: \$4.6 billion).

Property, plant and  
equipment

12 Months Ended  
Dec. 31, 2018

[Property, plant and  
equipment \[abstract\]](#)

[Property, plant and equipment](#)

Property, plant and equipment

(In \$ million)	Land	Buildings and improvements	Plant and equipment	Capital work in progress	Finance leased assets	Total
<b>As of December 31, 2018</b>						
Cost	163	932	5,190	416	29	6,730
Accumulated depreciation	—	(474)	(3,158)	—	(14)	(3,646)
Accumulated impairment losses	—	(2)	(61)	—	—	(63)
<b>Carrying amount as of December 31, 2018</b>	<b>163</b>	<b>456</b>	<b>1,971</b>	<b>416</b>	<b>15</b>	<b>3,021</b>
<b>As of December 31, 2017</b>						
Cost	170	903	4,931	300	28	6,332
Accumulated depreciation	—	(431)	(2,916)	—	(12)	(3,359)
Accumulated impairment losses	—	—	(50)	—	—	(50)
<b>Carrying amount as of December 31, 2017</b>	<b>170</b>	<b>472</b>	<b>1,965</b>	<b>300</b>	<b>16</b>	<b>2,923</b>
Carrying amount as of January 1, 2018	170	472	1,965	300	16	2,923
Additions	—	—	—	564	1	565
Capitalization of borrowing costs	—	—	—	7	—	7
Disposals	—	—	(3)	—	—	(3)
Depreciation for the year	—	(50)	(370)	—	(2)	(422)
Impairment losses, net of reversals	—	(3)	(28)	—	—	(31)
Other transfers	(6)	39	417	(454)	—	(4)
Effect of movements in exchange rates	(1)	(2)	(10)	(1)	—	(14)
<b>Carrying amount as of December 31, 2018</b>	<b>163</b>	<b>456</b>	<b>1,971</b>	<b>416</b>	<b>15</b>	<b>3,021</b>
Carrying amount as of January 1, 2017	168	498	2,100	226	18	3,010
Additions	—	2	—	390	—	392
Capitalization of borrowing costs	—	—	—	3	—	3
Disposals	—	—	(10)	—	—	(10)
Depreciation for the year	—	(50)	(367)	—	(2)	(419)
Impairment losses, net of reversals	—	—	(9)	(1)	—	(10)
Other transfers	(1)	18	235	(320)	—	(68)
Effect of movements in exchange rates	3	4	16	2	—	25
<b>Carrying amount as of December 31, 2017</b>	<b>170</b>	<b>472</b>	<b>1,965</b>	<b>300</b>	<b>16</b>	<b>2,923</b>

Depreciation expense related to property, plant and equipment is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	412	411	436
General and administration expenses	10	8	9
<b>Total depreciation expense</b>	<b>422</b>	<b>419</b>	<b>445</b>

During the year ended December 31, 2018, the Group incurred \$31 million of impairment losses, net of reversals (2017: \$10 million; 2016: \$44 million). The recognition and reversal of impairment charges is included in net other income (expenses) in the statements of comprehensive income as a component of profit or loss.

Refer to note 15 for details of security granted over property, plant and equipment and other assets.

## Intangible assets

12 Months Ended  
Dec. 31, 2018

### [Intangible Assets \[Abstract\]](#)

#### [Intangible assets](#)

#### Intangible assets

(In \$ million)	Goodwill	Trademarks	Customer relationships	Technology & software	Other	Total
<b>As of December 31, 2018</b>						
Cost	5,456	1,764	3,299	891	103	11,513
Accumulated amortization	—	(87)	(1,344)	(622)	(27)	(2,080)
Accumulated impairment losses	(206)	—	—	—	(5)	(211)
<b>Carrying amount as of December 31, 2018</b>	<b>5,250</b>	<b>1,677</b>	<b>1,955</b>	<b>269</b>	<b>71</b>	<b>9,222</b>
<b>As of December 31, 2017</b>						
Cost	5,465	1,763	3,321	883	102	11,534
Accumulated amortization	—	(83)	(1,189)	(573)	(24)	(1,869)
Accumulated impairment losses	—	—	—	—	(6)	(6)
<b>Carrying amount as of December 31, 2017</b>	<b>5,465</b>	<b>1,680</b>	<b>2,132</b>	<b>310</b>	<b>72</b>	<b>9,659</b>
Carrying amount as of January 1, 2018	5,465	1,680	2,132	310	72	9,659
Additions	—	—	—	20	2	22
Disposals	(3)	—	(3)	—	—	(6)
Amortization for the year	—	(3)	(166)	(61)	(3)	(233)
Impairment losses	(206)	—	—	—	—	(206)
Effect of movements in exchange rates	(6)	—	(8)	—	—	(14)
<b>Carrying amount as of December 31, 2018</b>	<b>5,250</b>	<b>1,677</b>	<b>1,955</b>	<b>269</b>	<b>71</b>	<b>9,222</b>
Carrying amount as of January 1, 2017	5,431	1,684	2,322	385	80	9,902
Additions	—	—	—	10	2	12
Disposals	(1)	—	—	(4)	—	(5)
Amortization for the year	—	(4)	(168)	(80)	(3)	(255)
Impairment losses	—	—	—	—	(5)	(5)
Transfers to assets held for sale	19	—	(42)	—	(2)	(25)
Other transfers	—	—	—	(1)	—	(1)
Effect of movements in exchange rates	16	—	20	—	—	36
<b>Carrying amount as of December 31, 2017</b>	<b>5,465</b>	<b>1,680</b>	<b>2,132</b>	<b>310</b>	<b>72</b>	<b>9,659</b>

During the year ended December 31, 2018, goodwill disposals were related to certain Graham Packaging businesses. During the year ended December 31, 2017, goodwill disposals were related to certain Graham Packaging and Closures businesses.

Amortization expense related to intangible assets is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016

Cost of sales	42	42	41
General and administration expenses	191	213	221
<b>Total amortization expense</b>	<b>233</b>	<b>255</b>	<b>262</b>

Refer to note 15 for details of security granted over the Group's intangible assets.

### 13.1 Impairment testing for indefinite life intangible assets

Goodwill, certain trademarks and certain other intangible assets are the only intangibles with indefinite useful lives and therefore are not subject to amortization. Instead, they are tested for impairment at least annually (as of December 31) as well as whenever there is an indication that they may be impaired. Goodwill is tested at the segment level, which is the lowest level within the Group at which goodwill is monitored for internal management purposes. Indefinite life intangible assets are tested at a CGU or group of CGUs that supports the indefinite life intangible assets.

The aggregate carrying amounts of goodwill and indefinite life intangible assets allocated to each segment for purposes of impairment testing are as follows:

(In \$ million)	As of December 31,					
	2018			2017		
	Goodwill	Trademarks	Other	Goodwill	Trademarks	Other
Reynolds Consumer Products	1,913	850	—	1,913	850	—
Pactiv Foodservice	1,696	526	59	1,697	526	59
Graham Packaging	1,200	251	—	1,412	251	—
Evergreen	67	34	—	67	34	—
Closures	374	—	—	376	—	—
<b>Total</b>	<b>5,250</b>	<b>1,661</b>	<b>59</b>	<b>5,465</b>	<b>1,661</b>	<b>59</b>

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose.

For goodwill and certain indefinite lived trademarks the estimated fair value has been determined at the segment level using the 2018 Adjusted EBITDA or forecasted 2019 Adjusted EBITDA expected to be generated multiplied by an earnings multiple. The key assumptions in developing the forecasted Adjusted EBITDA include management's assessment of future trends in the segment's industry and are based on both external and internal sources. The forecasted 2019 Adjusted EBITDA has been prepared using certain key assumptions including selling prices, sales volumes and costs of raw materials. Earnings multiples reflect recent sale and purchase transactions and comparable company EBITDA trading multiples in the same industry. The earnings multiples applied for December 31, 2018 ranged between 7.5x and 10x. Costs to dispose were estimated to be 1% to 1.5% of the fair value of each segment depending on the magnitude of the fair value.

Based on the results of testing, with the exception of Graham Packaging, the recoverable amounts for goodwill and indefinite life intangible assets exceeded the carrying values and no impairment was recognized.

In performing the annual impairment test for goodwill as of December 31, 2018 and in conjunction with the Group's 2019 budgeting process, the Group determined that a goodwill impairment charge of \$206 million arose in respect of Graham Packaging. The recognition of this expense was triggered by the lower than expected performance of Graham Packaging during the year ended December 31, 2018, particularly during the three months ended December 31, 2018, and lower near term earnings expectations. The estimated recoverable amount has been determined using a fair value less costs of disposal methodology. This estimate of fair value represents a Level 3 hierarchy, which includes inputs that are not based on observable market data. The impairment charge has been recognized in net other income (expenses) in the statement of comprehensive income. As a result of the impairment, the carrying value of Graham Packaging is the same as its recoverable amount (\$2.9 billion). A reasonably possible unexpected deterioration in financial performance or adverse change in capitalization multiple may result in a further impairment.

For all of the Group's segments, there can be no assurances that sustained declines in macroeconomic or business conditions affecting the industries in which the Group operates and its businesses will not occur, and were they to occur, that future declines will not result in additional impairments in future periods.

The estimated fair value less cost to dispose of the Reynolds® and Hefty® trademarks is first evaluated at the trademark level using the relief from royalty method. The royalty rates were based on observed royalty rates

in the market, arm's-length royalty agreements, profit split analysis and previous transactions. The royalty rates applied ranged between 1% and 7%. The growth rates used to estimate future revenues were based on past performance, external market growth assumptions and the Group's experience of growth rates achievable in the Group's key markets. The revenue growth rates applied ranged up to 6%. The discount rate of 8.3% was based on market factors and costs to dispose were estimated to be 1.5% of the fair value of each asset.

## Trade and other payables

12 Months Ended  
Dec. 31, 2018

[Subclassifications of assets, liabilities and equities](#)  
[\[abstract\]](#)

[Trade and other payables](#)

### Trade and other payables

(In \$ million)	As of December 31,	
	2018	2017
Trade payables	701	646
Accrued interest	125	132
Related party payables (refer to note 20)	33	33
Other payables and accrued expenses	304	305
<b>Total current trade and other payables</b>	<b>1,163</b>	<b>1,116</b>
<b>Non-current payables</b>	<b>45</b>	<b>45</b>

## Borrowings

**12 Months Ended  
Dec. 31, 2018**

### [Financial Instruments](#)

#### [\[Abstract\]](#)

#### [Borrowings](#)

### Borrowings

As of December 31, 2018, the Group was in compliance with all of its covenants.

The Group's borrowings are detailed below:

(In \$ million)	As of December 31,	
	2018	2017
Securitization Facility	420	420
Credit Agreement	3,528	3,576
Reynolds Notes:		
Reynolds Senior Secured Notes:		
5.750% Senior Secured Notes due 2020	3,137	3,137
6.875% Senior Secured Notes due 2021	345	645
Floating Rate Senior Secured Notes due 2021	750	750
5.125% Senior Secured Notes due 2023	1,600	1,600
Reynolds Senior Notes:		
7.000% Senior Notes due 2024	800	800
Pactiv Notes:		
6.400% Notes due 2018	—	16
7.950% Debentures due 2025	276	276
8.375% Debentures due 2027	200	200
Other borrowings	20	20
<b>Total principal amount of borrowings</b>	<b>11,076</b>	<b>11,440</b>
Transaction costs	(59)	(77)
Embedded derivatives	23	32
Original issue discounts, net of premiums	(5)	(6)
<b>Carrying value</b>	<b>11,035</b>	<b>11,389</b>
Current borrowings	455	470
Non-current borrowings	10,580	10,919
<b>Total borrowings</b>	<b>11,035</b>	<b>11,389</b>

#### 15.1 Securitization Facility

On March 22, 2017, the Group entered into a new \$600 million securitization facility (the "Securitization Facility"), of which \$452 million was drawn on the closing date. The proceeds and cash were used to repay and extinguish all amounts outstanding under the previous securitization facility and pay transaction fees and expenses. The Securitization Facility matures on March 22, 2022. The amount that can be borrowed is calculated by reference to a funding base determined by the amount of eligible trade receivables. The Securitization Facility is secured by all of the assets of the borrower, which are primarily the eligible trade receivables and cash. The terms of the arrangement do not result in the derecognition of the trade receivables by the Group. The Securitization Facility has an interest rate equal to one-month LIBOR with a 0% floor, plus a margin of 1.75% per annum. As of December 31, 2018, \$420 million was drawn under the Securitization Facility.

#### 15.2 Credit Agreement



The Company and certain members of the Group are parties to a senior secured credit agreement dated August 5, 2016 as amended (the "Credit Agreement"). The Credit Agreement comprises the following term and revolving tranches:

	Currency	Maturity date	Facility value (in million)	Value drawn or utilized as of December 31, 2018 (in million)	Applicable interest rate as of December 31, 2018
<b>Term Tranches</b>					
U.S. Term Loans	\$	February 5, 2023	3,315	3,248	LIBOR (floor of 0.000%) + 2.750%
European Term Loans	€	February 5, 2023	249	244	EURIBOR (floor of 0.000%) + 3.250%
<b>Revolving Tranche<sup>(1)</sup></b>					
U.S. Revolving Loans	\$	August 5, 2021	302	58	—

(1) The Revolving Tranche was utilized in the form of bank guarantees and letters of credit.

On February 7, 2017, the Group entered into an incremental assumption agreement and incurred \$3,315 million and €249 million of term loans thereunder. The proceeds of these incremental term loans were used to repay in full the outstanding U.S. and European term loans under the Credit Agreement. This resulted in a 0.25% per annum reduction in the margin applicable to the outstanding U.S. and European term loans to 3.000% per annum and 3.500% per annum, respectively, in each case with a step down based on achieving certain ratings, and a reduction in the LIBOR floor of the U.S. term loans by 100 basis points to 0.000% per annum.

Refer to note 8 for the loss recognized on the extinguishment of borrowings as a result of the write-off of unamortized debt issuance costs.

On September 29, 2017, the interest rate margin applicable to the outstanding U.S. and European term loans was reduced by 0.25% per annum to 2.750% per annum and 3.250% per annum, respectively, due to certain upgrades in RGHL's credit rating.

The Company and certain members of the Group have guaranteed on a senior basis the obligations under the Credit Agreement and related documents to the extent permitted by law. The guarantors have granted security over substantially all of their assets to support the obligations under the Credit Agreement. This security is expected to be shared on a first priority basis with the note holders under the Reynolds Senior Secured Notes.

Indebtedness under the Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments of 0.25% of the principal amount of term loans outstanding on February 7, 2017. The borrowers are required to make annual prepayments of term loans with up to 50% of excess cash flow (which will be reduced to 25% or 0% if specified senior secured first lien leverage ratios are met) as determined in accordance with the Credit Agreement. No excess cash flow prepayments were due in 2018 or are due in 2019 for the year ended December 31, 2018.

The Credit Agreement contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the Credit Agreement. In addition, total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 25% or less of the adjusted consolidated total assets of the Group as of the last day of the most recently ended fiscal quarter of the Company for which financial statements are available, and the aggregate of the EBITDA of the non-guarantor companies is required to be 25% or less of the consolidated EBITDA of the Group for the period of four consecutive fiscal quarters of the Company for which financial statements are available, in each case calculated in accordance with the Credit Agreement (the "Guarantor Coverage Test") which may differ from the measure of Adjusted EBITDA as disclosed in note 5. If the Group is unable to meet the Guarantor Coverage Test, the Group will be required to add additional subsidiary guarantors as necessary to satisfy such requirements.

The Credit Agreement also contains a total secured leverage ratio covenant not to exceed 5.00 to 1.00 on a pro forma basis. This covenant applies if the aggregate revolving credit exposure (excluding any exposure in respect of undrawn letters of credit) as of the last day of a fiscal quarter exceeds 35% of the total commitments under the revolving credit facility on such day.

### 15.3 Reynolds Notes

The Group's borrowings as of December 31, 2018 issued by Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (New Zealand) Limited (together, the "Reynolds Notes Issuers") are summarized below:

	Maturity date	Interest payment dates
--	---------------	------------------------

5.750% Senior Secured Notes due 2020	October 15, 2020	April 15 and October 15
6.875% Senior Secured Notes due 2021	February 15, 2021	February 15 and August 15
Floating Rate Senior Secured Notes due 2021 <sup>(1)</sup>	July 15, 2021	January 15, April 15, July 15 and October 15
5.125% Senior Secured Notes due 2023 <sup>(2)</sup>	July 15, 2023	January 15 and July 15; commencing January 15, 2017
7.000% Senior Notes due 2024	July 15, 2024	January 15 and July 15; commencing January 15, 2017

(1) The Floating Rate Senior Secured Notes due 2021 were issued at an issue price of 99.000% and have an interest rate equal to the three-month Dollar LIBOR plus 3.500% reset quarterly. In July 2016, the Group entered into an interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While the Group has elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is 4.670% from October 15, 2016.

(2) \$250 million aggregate principal amount of 5.125% Senior Secured Notes due 2023 were issued at an issue price of 103.500%.

On February 15, 2018, the Group repaid \$300 million aggregate principal amount of the outstanding 6.875% Senior Secured Notes due 2021 at a redemption price of 101.146% plus accrued and unpaid interest.

On February 15, 2017, the Group redeemed all of the \$345 million aggregate principal amount outstanding of 8.250% Senior Notes due 2021 at a redemption price of 102.750% plus accrued and unpaid interest.

On December 15, 2017, the Group repaid \$100 million aggregate principal amount of 5.750% Senior Secured Notes due 2020 at a redemption price of 101.438%, plus accrued and unpaid interest.

Refer to note 8 for the loss recognized on the reduction in borrowings as a result of premiums incurred and the write-off of unamortized debt issuance costs.

#### ***Assets pledged as security for borrowings***

The shares in Beverage Packaging Holdings I Limited ("BP I") (a wholly owned subsidiary of the Company) have been pledged as collateral to support the obligations under the Credit Agreement and the Reynolds Senior Secured Notes. In addition, the Company, BP I and certain subsidiaries of BP I have pledged substantially all of their assets as collateral to support the obligations under the Credit Agreement and the Reynolds Senior Secured Notes.

#### ***Guarantee and security arrangements***

All of the guarantors of the Credit Agreement have guaranteed the obligations under the Reynolds Notes to the extent permitted by law.

The guarantors have granted security over substantially all of their assets to support the obligations under the Reynolds Senior Secured Notes. This security is expected to be shared on a first priority basis with the creditors under the Credit Agreement.

#### ***Reynolds Notes indentures restrictions***

The respective indentures governing the Reynolds Notes all contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the respective indentures governing the Reynolds Notes.

#### ***Early redemption option and change in control provisions***

Under the respective indentures governing the Reynolds Notes, the Reynolds Notes Issuers, at their option, can elect to redeem the Reynolds Notes under terms and conditions specified in the respective indentures. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized embedded derivatives in relation to the redemption provisions of the indentures governing the respective Reynolds Notes.

Under the respective indentures governing the Reynolds Notes, in certain circumstances which would constitute a change in control, the holders of the Reynolds Notes have the right to require the Reynolds Notes Issuers to repurchase the Reynolds Notes at a premium.

### **15.4 Pactiv Notes**

As of December 31, 2018, the Group had outstanding the following debentures (together, the "Pactiv Notes") issued by Pactiv LLC:

	<b>Maturity date</b>	<b>Semi-annual interest payment dates</b>
7.950% Debentures due 2025	December 15, 2025	June 15 and December 15
8.375% Debentures due 2027	April 15, 2027	April 15 and October 15

On January 15, 2018, the Group repaid upon maturity all of the \$16 million aggregate principal amount outstanding of the 6.400% Notes due 2018 plus accrued and unpaid interest.

On June 15, 2017, the Group repaid upon maturity all of the \$300 million aggregate principal amount outstanding of 8.125% Debentures due 2017.

The Pactiv Notes are not guaranteed by any member of the Group and are unsecured.

The indentures governing the Pactiv Notes contain a negative pledge clause limiting the ability of certain entities within the Group, subject to certain exceptions, to (i) incur or guarantee debt that is secured by liens on "principal manufacturing properties" (as such term is defined in the indentures governing the Pactiv Notes) or on the capital stock or debt of certain subsidiaries that own or lease any such principal manufacturing property and (ii) sell and then take an immediate lease back of such principal manufacturing property.

The 8.375% Debentures due 2027 may be redeemed at any time at the Group's option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a make-whole premium, if any, plus accrued and unpaid interest to the date of the redemption.

### 15.5 Other borrowings

As of December 31, 2018, in addition to the Securitization Facility, the Credit Agreement, the Reynolds Notes and the Pactiv Notes, the Group had a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities bear interest at floating or fixed rates.

As of December 31, 2018, the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the Credit Agreement and the Reynolds Senior Secured Notes and by certain other assets. These facilities rank *pari passu* with the obligations under the Credit Agreement and under the Reynolds Senior Secured Notes.

Other borrowings as of December 31, 2018 included finance lease obligations of \$19 million (2017: \$20 million).

### 15.6 Reconciliation of liabilities arising from financing activities

<b>(In \$ million)</b>	<b>Principal borrowings</b>	<b>Transaction costs</b>	<b>Total</b>
Carrying amount as of January 1, 2018	11,440	(51)	<b>11,389</b>
Cash flows	(352)	—	<b>(352)</b>
Capitalization of borrowing costs	—	—	<b>—</b>
Effects of movements in exchange rates	(12)	—	<b>(12)</b>
Other	—	10	<b>10</b>
<b>Carrying amount as of December 31, 2018</b>	<b>11,076</b>	<b>(41)</b>	<b>11,035</b>
Carrying amount as of January 1, 2017	12,179	(108)	<b>12,071</b>
Cash flows	(773)	—	<b>(773)</b>
Capitalization of borrowing costs	—	(10)	<b>(10)</b>
Effects of movements in exchange rates	34	—	<b>34</b>
Other	—	67	<b>67</b>
<b>Carrying amount as of December 31, 2017</b>	<b>11,440</b>	<b>(51)</b>	<b>11,389</b>

## Employee benefits

**12 Months Ended  
Dec. 31, 2018**

[Disclosure of employee benefits \[Abstract\]](#)

[Employee benefits](#)

### Employee benefits

#### 16.1 Summary of employee benefits liabilities

(In \$ million)	As of December 31,	
	2018	2017
Salaries and wages accrued	122	149
Provision for annual leave	33	40
Provision for other employee benefits	52	53
Provision for exit from multi-employer pension plans	64	70
Defined benefit obligations:		
Pension benefits	854	840
Post-employment medical benefits	94	106
<b>Total employee benefits liabilities</b>	<b>1,219</b>	<b>1,258</b>
Current	178	213
Non-current	1,041	1,045
<b>Total employee benefits liabilities</b>	<b>1,219</b>	<b>1,258</b>

#### 16.2 Pension benefits

The Group makes contributions to defined benefit pension plans which define the level of pension benefit an employee will receive on retirement. The Group operates defined benefit pension plans in countries including Canada, Germany, Japan, Taiwan, Mexico and the United States. The majority of the Group's net pension plan liabilities are in the United States and subject to governmental regulations relating to the funding of retirement plans. The Group generally funds its retirement plans equal to the annual minimum funding requirements specified by government regulations covering each plan. Deterioration in the value of plan assets, including equity and debt securities, resulting from a general financial downturn or otherwise, or a change in the interest rate used to discount the projected benefit obligations, could cause an increase in the underfunded status of the Group's defined benefit pension plans, thereby increasing the Group's obligation to make contributions to the plans, which in turn would reduce the cash available for the Group's business. The Group has generally provided aggregated disclosures in respect of these plans on the basis that these plans are not exposed to materially different risks.

The Group's largest pension plan is the Pactiv Retirement Plan, of which Pactiv became the sponsor at the time of the Pactiv spin-off from Tenneco Inc. in 1999. The plan was assumed as part of the Pactiv acquisition in 2010. This plan covers certain of Pactiv Foodservice's employees as well as employees (or their beneficiaries) of certain companies previously owned by Tenneco Inc. but not currently owned by the Group. As a result, while persons who are not current Pactiv Foodservice employees do not accrue benefits under the plan, the total number of individuals/beneficiaries covered by this plan is much larger than if only Pactiv Foodservice personnel were participants. The Pactiv Retirement Plan comprises 97% (2017: 96%) of the Group's present value of pension plan obligations. For this reason, the impact of this pension plan on the Group's net income and cash from operations is greater than the impact typically found at similarly sized companies. Changes in the following factors can have a disproportionate effect on the Group's results of operations and statement of financial position compared with similarly sized companies: (i) interest rate used to discount projected benefit obligations and to calculate the net interest on the net defined benefit liability (asset), (ii) governmental regulations relating to funding of retirement plans in the United States, (iii) financial market performance and (iv) revisions to mortality tables as a result of changes in life expectancy. Therefore, certain information applicable to the Pactiv Retirement Plan has been separately disclosed. As of December 31, 2018, the Pactiv Retirement Plan was underfunded by \$795 million.

On November 8, 2016, the Group entered into an agreement with the U.S. Pension Benefit Guaranty Corporation (the "PBGC") whereby the PBGC agreed not to assert a termination liability against the Group in relation to three defined benefit pension plans of UCI Holdings Limited (the "UCI Pension Plans") in return for Pactiv LLC, a member of the Group, becoming the sponsor of the UCI Pension Plans. UCI Holdings Limited was a former member of the Group's "controlled group," as defined by the PBGC. This agreement became effective on December 30, 2016, resulting in the recognition of a net liability of \$65 million, comprising plan assets of

\$213 million and actuarially determined plan liabilities of \$278 million. On December 1, 2017, the UCI Pension Plans were merged into the Pactiv Retirement Plan.

Future contributions to the Group's pension plans, including the Pactiv Retirement Plan, could reduce the cash otherwise available to operate the Group's business and could have an adverse effect on the Group's results of operations. The Group expects to make no contributions to the Pactiv Retirement Plan in 2019. Expected contributions during the year ending December 31, 2019 for all other defined benefit plans are estimated to be up to \$6 million. Future contributions will be dependent on future plan asset returns and interest rates and are highly sensitive to changes.

The various defined benefit plans are governed in accordance with the relevant local legislation. Typically each plan has a separate governance committee which is responsible for managing the plan. In certain jurisdictions membership of the governance committee includes plan representatives. The Group has sole responsibility for the administration of the Pactiv Retirement Plan.

#### Movement in defined benefit pension obligations

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
(In \$ million)	2018	2017	2018	2017	2018	2017
Balance as of January 1	4,830	5,076	(3,990)	(4,091)	840	985
Included in profit or loss:						
Current service cost	9	9	—	—	9	9
Interest cost (income)	168	198	(139)	(160)	29	38
Administrative expenses	—	—	33	35	33	35
Settlement (gain)	—	(7)	—	—	—	(7)
<b>Total expense (income) recognized in profit or loss</b>	<b>177</b>	<b>200</b>	<b>(106)</b>	<b>(125)</b>	<b>71</b>	<b>75</b>
Remeasurement (gains) losses:						
Actuarial (gains) losses arising from:						
Demographic assumptions	(1)	(10)	—	—	(1)	(10)
Financial assumptions	(302)	265	—	—	(302)	265
Return on plan assets, excluding interest income	—	—	283	(429)	283	(429)
<b>Total remeasurement (gains) losses</b>	<b>(303)</b>	<b>255</b>	<b>283</b>	<b>(429)</b>	<b>(20)</b>	<b>(174)</b>
Other movements:						
Contributions by the Group	—	—	(25)	(33)	(25)	(33)
Benefits paid by the plans	(299)	(691)	299	691	—	—
Business disposals	(42)	(15)	29	—	(13)	(15)
Effect of movements in exchange rates	—	5	1	(3)	1	2
<b>Total other movements</b>	<b>(341)</b>	<b>(701)</b>	<b>304</b>	<b>655</b>	<b>(37)</b>	<b>(46)</b>
<b>Balance as of December 31</b>	<b>4,363</b>	<b>4,830</b>	<b>(3,509)</b>	<b>(3,990)</b>	<b>854</b>	<b>840</b>
Comprised of:						
Pactiv Retirement Plan	4,234	4,646	(3,439)	(3,882)	795	764
Other plans	129	184	(70)	(108)	59	76
<b>Balance as of December 31</b>	<b>4,363</b>	<b>4,830</b>	<b>(3,509)</b>	<b>(3,990)</b>	<b>854</b>	<b>840</b>
Comprised of:						
Funded plans					814	796
Unfunded plans					40	44
<b>Total net pension benefits liability</b>					<b>854</b>	<b>840</b>

Included in the statements of financial position as:

Employee benefits liabilities	854	840
<b>Total net pension benefits liability</b>	<b>854</b>	<b>840</b>

The Group's pension plans had a weighted average duration of 10 years (2017: 10 years).

For the year ended December 31, 2016, the Group recognized remeasurement gains of \$113 million directly in other comprehensive income. The gains were comprised of \$91 million of gains from changes in demographic assumptions, \$138 million of losses from changes in financial assumptions and \$160 million from gains on plan assets, excluding interest.

#### Expense recognized in the statements of comprehensive income

The expense is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	13	14	14
General and administration expenses	58	61	127
<b>Total plan net expense</b>	<b>71</b>	<b>75</b>	<b>141</b>

The Group presents pension (income) expense in personnel costs, which are reported in cost of sales and general and administration expenses.

The plan net expense for the year ended December 31, 2016 was comprised of current service cost of \$10 million, administrative expense of \$32 million, interest expense of \$206 million and expense of \$65 million related to the assumption of the UCI Plans, partially offset by interest income of \$165 million and \$7 million of settlement gains.

During the year ended December 31, 2018, the plan net expense of the Pactiv Retirement Plan was \$62 million (2017: \$72 million; 2016: \$63 million).

In September 2017, the Group recorded a \$5 million pension settlement charge in general and administration expenses in connection with the purchase of a group annuity contract from an insurance company to settle \$308 million of the outstanding pension benefit obligations under the Pactiv Retirement Plan. The insurance company assumed the obligation to pay future pension benefits and provide administrative services for approximately 13,600 retirees and surviving beneficiaries who are currently receiving payments from this plan. The purchase was funded directly by plan assets.

In October and November 2017, the UCI Pension Plans settled retirement benefits with certain vested members through a voluntary lump-sum buyout of their benefits, resulting in the payment of \$60 million to those who elected to receive the buyout and a settlement gain of \$12 million which is included in the pension plan expense for 2017.

During the year ended December 31, 2016, the Pactiv Retirement Plan settled retirement benefits with certain vested members through a voluntary lump-sum buyout of their benefits, resulting in the payment of \$43 million from plan assets to those who elected to receive the buyout and a settlement gain of \$7 million which is included in the plan expense for 2016.

#### Plan assets

Plan assets consist of the following:

(In \$ million)	As of December 31,	
	2018	2017
Equity instruments	2,149	2,802
Debt instruments	658	616
Property	429	403
Other	273	169
<b>Total plan assets</b>	<b>3,509</b>	<b>3,990</b>

Approximately 98% of total plan assets are held by the Pactiv Retirement Plan. This plan's total assets include the following exposures: (i) \$2,108 million of exposure to equity markets, which includes exposure to \$1,989 million of U.S. equities held through a combination of listed equities and equity index funds, and exposure to approximately \$119 million of non-U.S. equities held through listed equities and unlisted index funds; (ii) \$641 million of exposure to debt instruments, which include investments in corporate bonds and high yield bonds both directly and through exchange traded funds; and (iii) \$422 million of exposure to property held through unlisted commingled funds. Other plan assets consist principally of cash and cash equivalents.

In addition to the above plan assets, the Group is required to hold assets as collateral against certain unfunded defined benefit obligations assumed as part of the Pactiv acquisition. As of December 31, 2018 and 2017, \$26 million and \$27 million in cash, respectively, included in other non-current assets in the statements of financial position, was held as collateral against these obligations.

#### Actuarial assumptions — all plans

	For the year ended December 31,		
	2018	2017	2016
Discount rates at December 31	0.5% - 9.6%	0.6% - 8.0%	0.6% - 8.0%
Future salary increases	0.0% - 6.2%	0.0% - 7.0%	0.0% - 7.0%
Future pension increases	0.0% - 1.8%	0.0% - 3.7%	0.0% - 3.7%

The discount rate for the Pactiv Retirement Plan for the years ended December 31, 2018 and 2017 was 4.3% and 3.6%, respectively. Retirement benefits under the Pactiv Retirement Plan are frozen. Therefore, future salary increases and future pension increase assumptions have no effect on the retirement benefit obligation of that plan. The principal mortality rates assumed are the published mortality rates within the RP 2014 aggregate table with projection scale MP-2018 for 2018 and projection scale MP-2017 for 2017.

#### Sensitivity analysis

The assumed discount rate is an assumption that changes annually, and has an effect on the amounts of the defined benefit obligation. A one-half percentage point change in assumed discount rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	(6)	5
Increase (decrease) in the defined benefit obligation	(205)	224

The mortality tables used for the mortality assumption included projections of improved life expectancy. These tables are only changed infrequently; however, when they change they can have a significant impact on the plan liability. Estimates of the impact of mortality table changes are complex and difficult to measure. The Group does not expect changes to the mortality tables similar to those adopted in 2014 to occur in the next several years.

#### 16.3 Post-employment medical benefits

The Group operates unfunded post-employment medical benefit plans mainly in the United States. The liability for the post-employment medical benefits has been assessed using the same assumptions as for the pension benefits, together with the assumption of a weighted average healthcare cost trend rate of 8.2% for the year ended December 31, 2018, 7.2% for the year ended December 31, 2017 and 7.0% for the year ended December 31, 2016.

The main actuarial assumption is the published mortality rates within the RP 2014 aggregate table with projection scale MP-2018 for 2018 and projection scale MP-2017 for 2017.

The Group expects to contribute \$6 million to the post-employment medical benefit plans during the annual period ending December 31, 2019.

#### Movement in the post-employment medical obligations

For the year ended  
December 31,



(In \$ million)	2018	2017
Liability for post-employment medical obligations as of the beginning of the year	106	105
Included in profit or loss:		
Current service cost	1	1
Interest cost	4	4
<b>Total expense recognized in profit or loss</b>	<b>5</b>	<b>5</b>
Remeasurement (gains) losses:		
Actuarial (gains) losses from changes in demographic assumptions	(4)	(6)
Actuarial (gains) losses from changes in financial assumptions	(7)	8
<b>Total remeasurement (gains) losses</b>	<b>(11)</b>	<b>2</b>
Other movements:		
Benefits paid by the plans	(6)	(6)
<b>Total other movements</b>	<b>(6)</b>	<b>(6)</b>
<b>Liability for post-employment medical obligations as of the end of the year</b>	<b>94</b>	<b>106</b>

For the year ended December 31, 2016, the Group recognized benefit plan expense of \$5 million related to post-employment medical obligations. The benefit plan expense was comprised of \$1 million of current service cost and \$4 million of interest cost.

For the year ended December 31, 2016, the Group recognized a remeasurement gain of \$5 million directly in other comprehensive income. The gain was comprised of \$7 million from changes in demographic assumptions net of \$2 million from changes in financial assumptions.

Assumed health care cost trend rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one percentage point change in assumed health care cost trend rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	—	—
Increase (decrease) in the post-employment medical obligations	2	(2)

Discount rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one-half percentage point change in discount rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	—	—
Increase (decrease) in the post-employment medical obligations	(5)	5

#### 16.4 Defined contribution plans

The Group sponsors various defined contribution plans. During the year ended December 31, 2018, the Group recorded expense of \$65 million (2017: \$66 million; 2016: \$62 million) in relation to contributions to these plans in continuing operations in the statement of comprehensive income.

#### 16.5 Multi-employer plans

The Group also makes contributions, for some current and former employees, to union administered multi-employer pension plans based on negotiated labor contracts. While these plans provide for defined benefits, as a result of insufficient information the Group accounts for its participation in these plans as defined contribution plans. Specifically, the plans do not maintain IFRS accounting records and there is insufficient information to allocate amounts among employer participants. The Group, with union approval, has elected over the last several years to withdraw from virtually all of these multi-employer plans. Withdrawal creates a withdrawal liability obligation based upon guidelines outlined in the specific multi-employer plan.

The most significant of the multi-employer pension plans in which the Group participated was the PACE Industry Union-Management Pension Fund ("PIUMPF"), in which certain employees of both Evergreen and



Pactiv Foodservice participated. Graham Packaging had withdrawn from this plan prior to the acquisition by the Group. Evergreen and Pactiv Foodservice reached agreements with the relevant unions, ratified by the unions in November 2013, to allow Evergreen and Pactiv Foodservice to withdraw from PIUMPF as of December 31, 2013. In December 2016, the Group and PIUMPF formally agreed and signed a Settlement Agreement and Release, which settles all prior matters relating to the pension withdrawal liability. The Group and PIUMPF agreed to a settlement of \$88 million, which was less than the previously-notified funding obligation, to be paid over 20 years reduced by amounts previously paid in 2015 and 2014. As a result, the Group has a liability of \$56 million as of December 31, 2018 (\$61 million as of December 31, 2017) for the present value of such future payments. If PIUMPF suffers a "mass withdrawal" (as defined in the Employee Retirement Income Security Act) prior to January 1, 2016, the Group's annual payment will continue until the end of the year in which the assets (exclusive of the withdrawal liability claims) are sufficient to meet all obligations, as determined by the Pension Benefit Guaranty Corporation. As of February 13, 2019, the Group has not received any notification that PIUMPF has suffered a mass withdrawal. If one did occur, the aggregate amount of the Group's required payments could increase and the increase could be material.

The Group has a withdrawal liability of \$8 million for its withdrawal from the other multi-employer plans.

For all of its multi-employer pension plans, the Group expects to make payments of approximately \$4 million annually over the next 17 years.

## Provisions

12 Months Ended  
Dec. 31, 2018

[Disclosure of other provisions, contingent liabilities and contingent assets \[Abstract\]](#)  
[Provisions](#)

### Provisions

(In \$ million)	Asset retirement obligations	Restructuring	Workers' compensation	Other	Total
<b>Balance as of December 31, 2017</b>	<b>44</b>	<b>19</b>	<b>42</b>	<b>23</b>	<b>128</b>
Provisions made	—	16	13	10	39
Provisions used	—	(16)	(15)	(6)	(37)
Provisions reversed	—	(5)	(1)	(1)	(7)
Other	1	—	(2)	1	—
<b>Balance as of December 31, 2018</b>	<b>45</b>	<b>14</b>	<b>37</b>	<b>27</b>	<b>123</b>
Current	5	11	11	16	43
Non-current	40	3	26	11	80
<b>Total provisions as of December 31, 2018</b>	<b>45</b>	<b>14</b>	<b>37</b>	<b>27</b>	<b>123</b>
Current	2	13	13	11	39
Non-current	42	6	29	12	89
<b>Total provisions as of December 31, 2017</b>	<b>44</b>	<b>19</b>	<b>42</b>	<b>23</b>	<b>128</b>

### Other provisions

Other provisions as of December 31, 2018 included \$6 million of environmental remediation programs (2017: \$7 million).

## Equity

## 12 Months Ended Dec. 31, 2018

[Equity \[abstract\]](#)  
[Equity](#)

### Equity

#### 18.1 Share capital

The reported share capital balance as of December 31, 2018 is that of the Company.

Further information regarding Reynolds Group Holdings Limited's issued capital is detailed below:

Number of shares	For the year ended December 31,		
	2018	2017	2016
Balance at the beginning of the year	71,500,004	71,500,004	71,500,004
Changes in shares	—	—	—
<b>Balance at the end of the year</b>	<b>71,500,004</b>	<b>71,500,004</b>	<b>71,500,004</b>

All issued shares are fully paid and have no par value.

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to the Company's residual assets in the event of a wind-up.

#### 18.2 Dividends

There were no dividends declared or paid by the Company during any years presented.

#### 18.3 Capital management

The Directors are responsible for monitoring and managing the Group's capital structure. Capital is comprised of equity and external borrowings.

The Directors' policy is to maintain an acceptable capital base to promote the confidence of the Group's financiers and creditors and to sustain the future development of the business. The Directors monitor the Group's financial position to ensure that it complies at all times with its financial and other covenants as set out in its financing arrangements.

In order to maintain or adjust the capital structure, the Directors may elect to take a number of measures including, for example, to dispose of assets or operating segments of the business, alter its short to medium term plans with respect to capital projects and working capital levels, or re-balance the level of equity and external debt in place.

## Financial risk management

**12 Months Ended**  
**Dec. 31, 2018**

### [Financial Instruments](#)

#### [\[Abstract\]](#)

### [Financial risk management](#)

## Financial risk management

### 19.1 Overview

This note presents information about the Group's exposure to market risk, credit risk and liquidity risk, and where applicable, the Group's objectives, policies and procedures for managing these risks.

Exposure to market, credit and liquidity risks arises in the normal course of the Group's business. The Directors of the Group and the ultimate parent entity have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Directors have established a treasury policy that identifies risks faced by the Group and sets out policies and procedures to mitigate those risks. Risk management is primarily carried out by the treasury function of the Group. The Directors have delegated authority levels and authorized the use of various financial instruments to a restricted number of personnel within the treasury function.

Monthly combined treasury reports are prepared for the Directors and officers of the Group, who ensure compliance with the risk management policies and procedures.

### 19.2 Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and commodity prices, will affect the Group's cash flows or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group buys and sells derivatives in the ordinary course of business to manage market risks. The Group does not enter into derivative contracts for speculative purposes.

#### (a) Foreign currency exchange rate risk

As a result of the Group's international operations, foreign currency exchange risk exposures exist on sales, purchases, financial assets and borrowings that are denominated in currencies that are not the functional currency of that subsidiary. In these circumstances, a change in exchange rates would impact the profit or loss component of the Group's statement of comprehensive income.

In accordance with the Group's treasury policy, the Group takes advantage of natural offsets to the extent possible. Therefore, when commercially feasible, the Group borrows in the same currencies in which cash flows from operations are generated. On a limited basis, the Group uses derivatives to hedge residual foreign currency exchange risk arising from receipts and payments denominated in foreign currencies. The Group generally does not hedge its exposure to translation gains or losses in respect of its non-U.S. dollar functional currency assets or liabilities. Additionally, when considered appropriate, the Group may enter into derivatives to hedge foreign currency exchange risk arising from specific transactions.

The Group is also exposed to foreign currency exchange risk on certain intercompany borrowings between certain of its entities with different functional currencies.

#### (b) Interest rate risk

The Group's interest rate risk arises from long-term borrowings at both fixed and floating rates and from deposits which earn interest at floating rates. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group has exposure to both floating and fixed interest rates on borrowings primarily denominated in the U.S. dollar and the euro. Interest rate risk on borrowings at floating rates is partially offset by interest on cash deposits also earned at floating rates.

The Group has adopted a policy to ensure that at least 50% of its overall exposure to changes in interest rates on borrowings is on a fixed rate basis.

The following table sets out the Group's interest rate risk repricing profile:

(In \$ million)	Total	Less than one year	One to three years	Three to five years	Greater than five years
-----------------	-------	-----------------------	--------------------------	------------------------	-------------------------------

As of December 31, 2018					
<b>Fixed rate instruments</b>					
Borrowings	(6,377)	(2)	(3,488)	(1,604)	(1,283)
<b>Total fixed rate instruments</b>	<b>(6,377)</b>	<b>(2)</b>	<b>(3,488)</b>	<b>(1,604)</b>	<b>(1,283)</b>
<b>Floating rate instruments</b>					
Cash and cash equivalents	783	783	—	—	—
Related party receivables	328	328	—	—	—
Borrowings	(4,699)	(4,699)	—	—	—
<b>Total floating rate instruments</b>	<b>(3,588)</b>	<b>(3,588)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(9,965)</b>	<b>(3,590)</b>	<b>(3,488)</b>	<b>(1,604)</b>	<b>(1,283)</b>

(In \$ million)	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2017</b>					
<b>Fixed rate instruments</b>					
Borrowings	(6,694)	(19)	(3,141)	(650)	(2,884)
<b>Total fixed rate instruments</b>	<b>(6,694)</b>	<b>(19)</b>	<b>(3,141)</b>	<b>(650)</b>	<b>(2,884)</b>
<b>Floating rate instruments</b>					
Cash and cash equivalents	617	617	—	—	—
Related party receivables	329	329	—	—	—
Borrowings	(4,746)	(4,746)	—	—	—
<b>Total floating rate instruments</b>	<b>(3,800)</b>	<b>(3,800)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(10,494)</b>	<b>(3,819)</b>	<b>(3,141)</b>	<b>(650)</b>	<b>(2,884)</b>

The Group's sensitivity to interest rate risk can be expressed in two ways:

#### Fair value sensitivity analysis

A change in interest rates impacts the fair value of the Group's fixed rate borrowings. Given all debt instruments are carried at amortized cost, a change in interest rates would not impact the profit or loss component of the statement of comprehensive income.

#### Cash flow sensitivity analysis

A change in interest rates would impact future interest payments and receipts on the Group's floating rate liabilities and assets. An increase or decrease in interest rates of 100 basis points at the reporting date would impact the statement of comprehensive income result and equity by the amounts described below, based on the assets and liabilities held at the reporting date, and a one-year timeframe. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. The analysis is performed on the same basis for comparative years.

The underlying rate for the Floating Rate Senior Secured Notes due 2021 is the three-month Dollar LIBO Rate. As of December 31, 2018, the three-month Dollar LIBO Rate was 2.44%. In July 2016, the Group entered into a \$750 million interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While the Group has elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is fixed at 4.670% from October 15, 2016.

The underlying rates for the Credit Agreement are the one-month LIBOR and EURIBOR, which as of December 31, 2018 were 2.52% and (0.36)%, respectively. Based on the Group's outstanding debt commitments as of December 31, 2018, a one-year timeframe and all other variables, in particular foreign currency exchange rates, remaining constant, a 100 basis point increase in interest rates would result in a \$32 million increase in interest expense on the U.S. term loan and a \$2 million increase in interest expense on the European term loan under the Credit Agreement. A 100 basis point decrease in interest rates would result in a \$32 million decrease in interest expense on the U.S. term loan and would have no impact on interest expense for the European term loan due to the EURIBOR floor under the Credit Agreement.

The underlying rate for the Securitization Facility is the one-month LIBOR. As of December 31, 2018, the applicable one-month LIBOR was 2.47%. Based on the Group's outstanding debt commitments under the Securitization Facility as of December 31, 2018, a one-year timeframe and all other variables remaining constant, a 100 basis point increase (decrease) in the underlying interest rate would result in a \$4 million increase (decrease) in interest expense.

### (c) Commodity and other price risk

Commodity and other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Group's exposure to commodity and other price risk arises principally from the purchase of resin, natural gas and aluminum. The Group generally purchases commodities at spot market prices and does not use commodity financial instruments or derivatives to hedge commodity prices, except for the items in the table below.

The Group's objective is to ensure that its commodity and other price risk exposure is kept at an acceptable level. In accordance with the Group's treasury policy, the Group enters into derivative instruments to reduce the Group's exposure in relation to the cost of resin (and its components), natural gas, diesel, electricity and aluminum. These derivatives are implemented to either (a) mitigate the impact of the lag in timing between when raw material costs change and when the Group can pass on these raw material costs changes to its customers or (b) fix the Group's input costs for a period of time.

The following table provides the detail of outstanding commodity derivative contracts as of December 31, 2018:

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
High density polyethylene swaps	pound	9,600,000	\$0.85 - \$0.85	Jan 2019 - Dec 2019
Aluminum swaps	metric tonne	34,711	\$1,925.00 - \$2,499.50	Jan 2019 - Dec 2019
Aluminum Midwest Premium swaps	metric tonne	4,126	\$403.45 - \$407.85	Jan 2019 - Dec 2019
Natural gas swaps	million BTU	3,508,032	\$2.58 - \$3.14	Jan 2019 - Dec 2019
Ethylene	pound	2,730,973	\$0.29 - \$0.29	Jan 2019 - Apr 2019
Polymer-grade propylene swaps	pound	29,590,584	\$0.44 - \$0.61	Jan 2019 - Jun 2019
Benzene swaps	U.S. liquid gallon	9,826,568	\$2.24 - \$3.07	Feb 2019 - Sep 2019
Diesel swaps	U.S. liquid gallon	5,020,626	\$2.88 - \$3.42	Jan 2019 - Dec 2019
Low-density polyethylene swaps	pound	18,000,000	\$0.85 - \$0.93	Jan 2019 - Dec 2019

The fair values of the derivative contracts are derived from inputs based on quoted market prices or traded exchange market prices and represent the estimated amounts that the Group would pay or receive to terminate the contracts. During the year ended December 31, 2018, the Group recognized an unrealized loss of \$22 million (2017: unrealized gain of \$1 million; 2016: unrealized gain of \$22 million) as a component of net other income (expenses) in the statements of comprehensive income. During the year ended December 31, 2018, the Group recognized a realized loss of \$18 million (2017: realized gain of \$20 million; 2016: realized loss of \$17 million) as a component of cost of sales in the statements of comprehensive income.

A 10% upward (downward) movement in the price curve used to value the commodity derivative contracts, applied as of December 31, 2018, would have resulted in a \$2 million change in unrealized gains recognized in the statement of comprehensive income assuming all other variables remain constant.

### 19.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and related entities.

Given the diverse global operations and customers across the Group, the Directors have delegated authority for credit control procedures to each of the segments within the Group, subject to certain Group-determined limits.

Each operating business is responsible for managing its own credit control procedures. These include, but are not limited to, reviewing the individual characteristics of new customers for creditworthiness before accepting the customer and agreeing upon purchase limits and terms of trade. If considered appropriate the operating business may take out insurance for specific debtors.

Generally, the Group does not require collateral with respect to trade and other receivables. Goods are generally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. For certain sales letters of credit are obtained.

The Group's exposure to credit risk is primarily in its trade and other receivables and is influenced mainly by the individual characteristics of each customer. Historically there has been a low level of losses resulting from default by customers and related entities. The carrying amount represents the maximum credit exposure. Refer to note 10 for additional information.

The Group limits its exposure to credit risk by making deposits and entering into derivative instruments with counterparties that have a credit rating of at least investment grade. Given these high credit ratings, management does not expect any such counterparty to fail to meet its obligations.

#### 19.4 Liquidity risk

Liquidity risk is the risk that the Group will not meet its contractual obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due.

The Group evaluates its liquidity requirements on an ongoing basis using both a 13-week rolling forecast and a 12-month rolling forecast and ensures that it has sufficient cash on hand to meet expected operating expenses, including the servicing of financial obligations. As of December 31, 2018, the Group had \$783 million of cash and cash equivalents on hand.

The Group's cash flows from operations and existing cash, together with other available external financing sources, will be adequate to meet the Group's liquidity needs for the next year. It also has credit lines in place to cover potential shortfalls. As of December 31, 2018, the Group had undrawn lines of credit under the revolving facility of the Credit Agreement totaling \$244 million and undrawn availability under the Securitization Facility. In addition, the Group has local working capital facilities in various jurisdictions which are available if needed to support the cash management of local operations.

The following table sets out contractual cash flows for all financial liabilities including commodity and foreign currency derivatives:

(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2018</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,163)	(1,015)	(1,015)	—	—	—
Borrowings, including interest	(11,035)	(14,302)	(1,118)	(5,459)	(6,281)	(1,444)
	<b>(12,198)</b>	<b>(15,317)</b>	<b>(2,133)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	—	8	8	—	—	—
Outflows	(17)	(25)	(25)	—	—	—
	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,215)</b>	<b>(15,334)</b>	<b>(2,150)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>

(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2017</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,116)	(984)	(984)	—	—	—

Borrowings, including interest	(11,389)	(14,253)	(1,069)	(4,394)	(2,172)	(6,618)
	<b>(12,505)</b>	<b>(15,237)</b>	<b>(2,053)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	5	7	7	—	—	—
Outflows	—	(2)	(2)	—	—	—
	<b>5</b>	<b>5</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,500)</b>	<b>(15,232)</b>	<b>(2,048)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>

## 19.5 Classification and fair values

(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2018</b>					
<b>Assets</b>					
Cash and cash equivalents	—	783	—	783	783
Current and non-current receivables	—	1,469	—	1,469	1,469
Derivative financial assets:					
Commodity derivatives	1	—	—	1	1
Interest rate swap derivatives	28	—	—	28	28
Embedded derivatives	12	—	—	12	12
<b>Total assets</b>	<b>41</b>	<b>2,252</b>	<b>—</b>	<b>2,293</b>	<b>2,293</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,163)	(1,163)	(1,163)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(18)	—	—	(18)	(18)
Borrowings	—	—	(11,035)	(11,035)	(10,933)
<b>Total liabilities</b>	<b>(18)</b>	<b>—</b>	<b>(12,243)</b>	<b>(12,261)</b>	<b>(12,159)</b>

(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2017</b>					
<b>Assets</b>					
Cash and cash equivalents	—	617	—	617	617
Current and non-current receivables	—	1,488	—	1,488	1,488
Derivative financial assets:					
Commodity derivatives	7	—	—	7	7
Interest rate swap derivatives	26	—	—	26	26
Embedded derivatives	259	—	—	259	259
<b>Total assets</b>	<b>292</b>	<b>2,105</b>	<b>—</b>	<b>2,397</b>	<b>2,397</b>
<b>Liabilities</b>					



Trade and other payables	—	—	(1,116)	(1,116)	(1,116)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(2)	—	—	(2)	(2)
Borrowings	—	—	(11,389)	(11,389)	(11,696)
<b>Total liabilities</b>	<b>(2)</b>	<b>—</b>	<b>(12,550)</b>	<b>(12,552)</b>	<b>(12,859)</b>

The methods used in determining fair values of financial instruments are disclosed in note 3.3 and note 3.4.

#### 19.6 Fair value measurements recognized in the statement of comprehensive income

The following table sets out an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value and are grouped into levels based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(In \$ million)	Level 1	Level 2	Level 3	Total
<b>As of December 31, 2018</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	(17)	—	(17)
Interest rate swap derivatives, net	—	28	—	28
Embedded derivatives	—	12	—	12
<b>Total</b>	<b>—</b>	<b>23</b>	<b>—</b>	<b>23</b>

<b>As of December 31, 2017</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	5	—	5
Foreign currency derivatives, net	—	—	—	—
Interest rate swap derivatives, net	—	26	—	26
Embedded derivatives	—	259	—	259
<b>Total</b>	<b>—</b>	<b>290</b>	<b>—</b>	<b>290</b>

There were no transfers between any levels during the years ended December 31, 2018 and 2017. There have been no changes in the classifications of financial instruments as a result of a change in the purpose or use of these instruments.

## Related parties

**12 Months Ended  
Dec. 31, 2018**

[Related Party \[Abstract\]](#)

[Related parties](#)

### Related parties

#### Parent and ultimate controlling party

The immediate parent of the Company is Packaging Finance Limited, the ultimate parent of the Company is Packaging Holdings Limited and the ultimate shareholder is Mr. Graeme Hart.

#### Transactions with key management personnel

Key management personnel compensation was comprised of:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Short-term employee benefits	13	15	17
Long-term employee benefits	3	3	4
<b>Total compensation expense to key management personnel</b>	<b>16</b>	<b>18</b>	<b>21</b>

Certain key management personnel are compensated by related party entities outside of the Group and it is not possible to make a reasonable apportionment of their compensation in respect of the Group. Accordingly, the above amounts include no compensation in respect of these individuals.

There were no other transactions with key management personnel during the years ended December 31, 2018, 2017 and 2016.

#### Related party transactions

The entities and types of transactions with which the Group entered into related party transactions during the years are detailed below. All related parties detailed below have a common ultimate shareholder, except for the joint ventures.

(In \$ million)	Transaction value for the year ended December 31,			Balance outstanding as of December 31,	
	2018	2017	2016	2018	2017
<b>Balances and transactions with immediate and ultimate parent entities</b>					
Included in trade and other payables				—	—
Tax loss transfer	—	—	(16)		
<b>Balances and transactions with joint ventures</b>					
Included in trade and other receivables, net				12	8
Sale of goods and services <sup>(a)</sup>	28	22	24		
<b>Balances and transactions with Rank Group Limited</b>					
Included in related party and other non-current receivables <sup>(b)(e)</sup>				328	329
Interest income	17	17	17		
Included in trade and other payables <sup>(e)</sup>				(32)	(31)
Recharges <sup>(c)</sup>	(1)	(5)	(7)		
Management fee <sup>(d)</sup>	(28)	(31)	(47)		
Tax loss transfer	(3)	(1)	(4)		
<b>Balances and transactions with Rank Group North America, Inc.</b>					
Included in trade and other receivables, net				—	—
Recharges	2	1	4		

Included in trade and other payables				—	—
Recharges <sup>(c)</sup>	(17)	(16)	(15)		
<b>Balances and transactions with other related parties</b>					
Included in trade and other receivables, net				1	—
Recharges	5	5	3		
Included in trade and other payables				(1)	(1)

- (a) All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.
- (b) The loan receivable from Rank Group Limited accrues interest at a rate based on the average 90-day New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. Interest is only charged or accrued if demanded by the Company. During the year ended December 31, 2018, interest was charged at 5.16% to 5.26% (2017: 5.16% to 5.25%; 2016: 5.31% to 5.78%). The loan is unsecured and repayable on demand. However, advances and interest are currently subordinated on terms such that, unless otherwise permitted, no payments can be made until the obligations under a senior secured credit facility of Rank Group Limited are repaid in full.
- (c) Represents certain costs paid by Rank Group Limited or Rank Group North America, Inc. on behalf of the Group that were subsequently recharged to the Group. These charges are for various costs incurred including services provided, financing and other activities. All amounts are unsecured, non-interest bearing and settled on normal trade terms.
- (d) The Group's financing agreements permit the payment to related parties of management, consulting, monitoring and advising fees (the "Management Fee") of up to 1.5% of the Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year. During the year ended December 31, 2016, the Group entered into a services agreement with Rank Group Limited. Rank Group Limited charged the Group a Management Fee of \$31 million during the year ended December 31, 2018 in relation to the 2017 financial year. During the years ended December 31, 2017 and 2016, Rank Group Limited charged the Group a Management Fee of \$31 million and \$30 million in relation to the 2016 and 2015 financial years, respectively. Also during the year ended December 31, 2017, Rank Group Limited charged the Group a Management Fee of \$15 million in relation to the 2009 and 2010 financial years, of which \$8 million was included in continuing operations with the remainder included in discontinued operations. In addition, the Group has accrued \$28 million in 2018 in respect of an expected management fee related to the 2018 financial year.
- (e) In August 2017, Rank Group Limited repaid \$24 million of the related party loan receivable balance and the Group, by way of a payment direction, repaid \$23 million of outstanding related party trade payable balances due to Rank Group Limited and \$1 million of outstanding related party borrowings due to the Company's ultimate parent.

## Group entities

**12 Months Ended  
Dec. 31, 2018**

### [Interests In Other Entities](#)

#### [\[Abstract\]](#)

#### [Group entities](#)

#### Group entities

	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest (%)
			2018	2017	2018
Alusud Argentina S.R.L.	Dec-31	Argentina	100	100	100
Graham Packaging Argentina S.R.L.	Dec-31	Argentina	100	100	100
Gulf Closures W.L.L. <sup>(a)</sup>	Dec-31	Bahrain	49	49	49
Graham Packaging Belgium BVBA	Dec-31	Belgium	100	100	100
Graham Packaging Lummen BVBA	Dec-31	Belgium	100	100	100
Closure Systems International (Brazil) Sistemas de Vedacao Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging do Brasil Indústria e Comércio Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging Paraná Ltda. <sup>(b)</sup>	Dec-31	Brazil	—	100	—
Resin Rio Comercio Ltda. <sup>(b)</sup>	Dec-31	Brazil	—	100	—
CSI Latin American Holdings Corporation	Dec-31	British Virgin Islands	100	100	100
Evergreen Packaging Canada Limited	Dec-31	Canada	100	100	100
Graham Packaging Canada Company	Dec-31	Canada	100	100	100
Pactiv Canada Inc.	Dec-31	Canada	100	100	100
Reynolds Consumer Products Canada Inc.	Dec-31	Canada	100	100	100
Alusud Embalajes Chile Ltda.	Dec-31	Chile	100	100	100
Closure Systems International (Guangzhou) Limited <sup>(c)</sup>	Dec-31	China	—	100	—
CSI Closure Systems (Hangzhou) Co., Ltd.	Dec-31	China	100	100	100
CSI Closure Systems (Tianjin) Co., Ltd. <sup>(c)</sup>	Dec-31	China	—	100	—
Evergreen Packaging (Shanghai) Co., Ltd.	Dec-31	China	100	100	100
Graham Packaging (Guangzhou) Co., Ltd. <sup>(c)</sup>	Dec-31	China	—	100	—
Graham Packaging (Taizhou) Co., Ltd.	Dec-31	China	100	100	100
Reynolds Metals (Shanghai) Ltd.	Dec-31	China	100	100	100
Techne Machineries Foshan Ltd (in liquidation) <sup>(d)</sup>	Dec-31	China	100	100	100
Zhejiang Zhongbao Pactiv Packaging Co., Ltd.	Dec-31	China	62.5	62.5	62.5
Alusud Embalajes Colombia Ltda.	Dec-31	Colombia	100	100	100
Closure Systems International (Colombia Trade) S.A.S.	Dec-31	Colombia	100	100	100
CSI Closure Systems Manufacturing de Centro America, Sociedad de Responsabilidad Limitada	Dec-31	Costa Rica	100	100	100
Closure Systems International (Egypt) LLC	Dec-31	Egypt	100	100	100
Evergreen Packaging de El Salvador, S.A. de C.V.	Dec-31	El Salvador	100	100	100
Graham Packaging Company Oy	Dec-31	Finland	100	100	100
Graham Packaging Europe S.N.C.	Dec-31	France	100	100	100

Graham Packaging France S.A.S.	Dec-31	France	100	100	100
Graham Packaging Normandy S.A.R.L.	Dec-31	France	100	100	100
Graham Packaging Villecomtal S.A.R.L.	Dec-31	France	100	100	100
Closure Systems International Machinery (Germany) GmbH	Dec-31	Germany	100	100	100
Pactiv Deutschland Holdinggesellschaft mbH	Dec-31	Germany	100	100	100
Pactiv-Omni Germany Holdings GmbH <sup>(b)</sup>	Dec-31	Germany	—	100	—
Closure Investment Holdings (Hong Kong) Limited <sup>(e)</sup>	Dec-31	Hong Kong	100	100	100
GP Asia Limited <sup>(f)</sup>	Dec-31	Hong Kong	100	100	100
Roots Investment Holding Private Limited <sup>(c)</sup>	Dec-31	Hong Kong	—	100	—
Technegen International Limited	Dec-31	Hong Kong	100	100	100
CSI Hungary Manufacturing and Trading Limited Liability Company	Dec-31	Hungary	100	100	100
Closure Systems International (I) Private Limited <sup>(c)</sup>	Mar-31	India	—	100	—
PT. Graham Packaging Indonesia	Dec-31	Indonesia	100	100	100
Closure Systems International Japan, Limited	Dec-31	Japan	100	100	100
Closure Systems International (Korea), Ltd. <sup>(c)</sup>	Dec-31	Korea	—	100	—
Evergreen Packaging Korea Limited	Dec-31	Korea	100	100	100
Graham Packaging European Holdings (Luxembourg) S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) I S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) II S.à r.l.	Dec-31	Luxembourg	100	100	100
CSI en Ensenada, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI en Saltillo, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI Tecniservicio, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Graham Packaging Plastic Products de Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Grupo Corporativo Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Grupo CSI de México, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Innovación y Asesoría en Plástico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Foodservice Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicio Terrestre Jaguar, S.A. de C.V. <sup>(b)</sup>	Dec-31	Mexico	—	100	—
Servicios Graham Packaging, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicios Industriales Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Servicios Integrales de Operación, S.A. de C.V.	Dec-31	Mexico	100	100	100
Closure Systems International Nepal Private Limited <sup>(c)</sup>	Jul-16	Nepal	—	100	—
Graham Packaging Holdings B.V.	Dec-31	Netherlands	100	100	100
Graham Packaging Zoetermeer B.V.	Dec-31	Netherlands	100	100	100
Beverage Packaging (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Factoring Trust <sup>(g)</sup>	Dec-31	New Zealand	—	—	—
Beverage Packaging Holdings I Limited	Dec-31	New Zealand	100	100	100

Beverage Packaging Holdings III Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Holdings V Limited	Dec-31	New Zealand	100	100	100
Closure Systems International Limited	Dec-31	New Zealand	100	100	100
Evergreen Packaging International Limited	Dec-31	New Zealand	100	100	100
Reynolds Group Issuer (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Reynolds Packaging I Limited <sup>(h)</sup>	Dec-31	New Zealand	100	—	100
Reynolds Packaging International Limited	Dec-31	New Zealand	100	100	100
Alusud Peru S.A.	Dec-31	Peru	100	100	100
Closure Systems International (Philippines), Inc. <sup>(c)</sup>	Dec-31	Philippines	—	100	—
Graham Packaging Poland Sp. z o.o.	Dec-31	Poland	100	100	100
CSI Vostok Limited Liability Company (in liquidation) <sup>(d)</sup>	Dec-31	Russia	100	100	100
Pactiv Asia Pte Ltd	Dec-31	Singapore	100	100	100
Closure Systems International España, S.L.U.	Dec-31	Spain	100	100	100
Closure Systems International Holdings (Spain), S.A.U. <sup>(b)</sup>	Dec-31	Spain	—	100	—
Graham Packaging Iberica S.L.	Dec-31	Spain	100	100	100
Reynolds Food Packaging Spain, S.L.U. <sup>(c)</sup>	Dec-31	Spain	—	100	—
Evergreen Packaging (Taiwan) Co., Ltd.	Dec-31	Taiwan	100	100	100
Closure Systems International Plastik İthalat İhracat Sanayi Ve Ticaret Limited Sirketi	Dec-31	Turkey	100	100	100
Graham Packaging European Services Limited	Dec-31	United Kingdom	100	100	100
Graham Packaging Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Ivex Holdings, Ltd. <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Ivex Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Kama Europe Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Pactiv (Films) Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Baker's Choice Products, Inc. <sup>(b)</sup>	Dec-31	U.S.A.	—	100	—
BCP/Graham Holdings LLC	Dec-31	U.S.A.	100	100	100
Blue Ridge Holding LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
Blue Ridge Paper Products LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
BRPP, LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Americas, Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Holdings LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Packaging Machinery Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems Mexico Holdings LLC	Dec-31	U.S.A.	100	100	100
Coast-Packaging Company (California General Partnership) <sup>(a)</sup>	Dec-31	U.S.A.	50	50	50
CSI Mexico LLC	Dec-31	U.S.A.	100	100	100

CSI Sales & Technical Services Inc.	Dec-31	U.S.A.	100	100	100
Evergreen Packaging LLC <sup>(k)</sup>	Dec-31	U.S.A.	100	100	100
GEC Packaging Technologies LLC	Dec-31	U.S.A.	100	100	100
GPC Opco GP LLC	Dec-31	U.S.A.	100	100	100
GPC Sub GP LLC	Dec-31	U.S.A.	100	100	100
GPC US LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Europe LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Company, L.P.	Dec-31	U.S.A.	100	100	100
Graham Packaging Holdings Company	Dec-31	U.S.A.	100	100	100
Graham Packaging International Plastics Products Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Latin America, LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Leasing USA LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging PET Technologies Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Plastic Products LLC	Dec 31	U.S.A.	100	100	100
Graham Packaging PX Company	Dec-31	U.S.A.	100	100	100
Graham Packaging PX Holding Corporation	Dec-31	U.S.A.	100	100	100
Graham Packaging PX, LLC	Dec-31	U.S.A.	100	100	100
Pactiv International Holdings Inc. <sup>(b)</sup>	Dec-31	U.S.A.	—	100	—
Pactiv LLC	Dec-31	U.S.A.	100	100	100
Pactiv Management Company LLC	Dec-31	U.S.A.	100	100	100
Pactiv Packaging Inc.	Dec-31	U.S.A.	100	100	100
PCA West Inc.	Dec-31	U.S.A.	100	100	100
RenPac Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products Holdings LLC	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products LLC	Dec-31	U.S.A.	100	100	100
Reynolds Group Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer LLC	Dec-31	U.S.A.	100	100	100
Reynolds Manufacturing, Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Presto Products Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Services Inc.	Dec-31	U.S.A.	100	100	100
Southern Plastics Inc.	Dec-31	U.S.A.	100	100	100
Trans Western Polymers, Inc.	Dec-31	U.S.A.	100	100	100

- (a) The Group has the control and it has the power to govern the financial and operating policies of the entity.
- (b) Merged during the year with another entity in the Group.
- (c) Sold during the year.
- (d) In voluntary liquidation.
- (e) Name changed during the year from Closure Systems International (Hong Kong) Limited.
- (f) Name changed during the year from Graham Packaging Asia Limited.
- (g) Included as a group entity on the basis that Beverage Packaging Holdings I Limited is the manager and beneficiary of this entity.
- (h) Incorporated during the year.
- (i) Name changed during the year from Blue Ridge Holding Corp.
- (j) Name changed during the year from Blue Ridge Paper Products Inc.
- (k) Name changed during the year from Evergreen Packaging Inc.

## Operating leases

**12 Months Ended  
Dec. 31, 2018**

[Disclosure of leases](#)

[\[Abstract\]](#)

[Operating leases](#)

### Operating leases

Non-cancellable operating lease rentals are payable as follows:

(In \$ million)	As of December 31,	
	2018	2017
Less than one year	104	110
Between 1 and 5 years	229	244
More than 5 years	50	63
<b>Total</b>	<b>383</b>	<b>417</b>

During the year ended December 31, 2018, \$146 million of operating lease expense was recognized in the statement of comprehensive income as a component of profit or loss (2017: \$133 million; 2016: \$114 million).



## Capital commitments

**12 Months Ended  
Dec. 31, 2018**

[Capital commitments](#)

[\[abstract\]](#)

[Capital commitments](#)

### **Capital commitments**

As of December 31, 2018, the Group had entered into contracts to incur capital expenditures of \$159 million (2017: \$155 million) for the acquisition of property, plant and equipment. These commitments are expected to be settled in the following financial year.

## Contingencies

**12 Months Ended  
Dec. 31, 2018**

[Contingencies \[Abstract\]](#)  
[Contingencies](#)

### Contingencies

#### Management fee

The Group's financing agreements permit the payment to related parties of management, consulting, monitoring and advisory fees (the "Management Fee") of up to 1.5% of the Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year.

The Credit Agreement permits the Group to pay an additional Management Fee of up to \$22 million in respect of the 2009 and 2010 financial years. No amount has been accrued in respect of the remaining 2009 and 2010 permitted Management Fee of up to \$22 million.

#### Security and guarantee arrangements

Certain members of the Group have entered into guarantee and security arrangements in respect of the Group's indebtedness (refer to note 15 for additional information).

#### Other matters

The Group is party to litigation, legal proceedings and tax examinations arising from its operations. The Group establishes provisions for claims and proceedings that constitute a present obligation when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of such obligation can be made. While it is not possible to predict the outcome of any of these matters, based on management's assessment of the facts and circumstances now known, management does not believe any of these matters, individually or in the aggregate, will have a material adverse effect on the Group's financial position, results of operations or cash flows. However, actual outcomes may differ from those expected and could have a material effect on the Group's financial position, results of operations or cash flows in a particular future period. As of December 31, 2018, except for amounts provided, there were no legal proceedings pending other than those for which the Group has determined that the possibility of a material outflow is remote.

As part of the agreements for the sale of various businesses, the Group has provided certain warranties and indemnities to the respective purchasers as set out in the respective sale agreements. These warranties and indemnities are subject to various terms and conditions affecting the duration and total amount of the indemnities. As of December 31, 2018, the Group is not aware of any material claims under these agreements that would give rise to an additional liability. However, if such claims arise in the future, they could have a material effect on the Group's financial position, results of operations and cash flows.

**Condensed consolidating  
guarantor financial  
information**

**12 Months Ended**

**Dec. 31, 2018**

[Disclosure of separate  
financial statements](#)

[\[Abstract\]](#)

[Condensed consolidating  
guarantor financial  
information](#)

**Condensed consolidating guarantor financial information**

Certain of the Group's subsidiaries have guaranteed the Group's obligations under the Reynolds Notes (as defined in note 15).

The following condensed consolidating financial information presents:

- (1) The condensed consolidating statements of financial position as of December 31, 2018 and 2017 and the related statements of comprehensive income and cash flows for each of the years ended December 31, 2018, 2017 and 2016 of:
  - a. Reynolds Group Holdings Limited, the Parent;
  - b. the Reynolds Notes Issuers (as defined in note 15);
  - c. the other guarantor subsidiaries;
  - d. the non-guarantor subsidiaries; and
  - e. the Group on a consolidated basis.
- (2) Adjustments and elimination entries necessary to consolidate Reynolds Group Holdings Limited, the Parent, with the Reynolds Notes Issuers, the other guarantor subsidiaries and the non-guarantor subsidiaries.

The condensed consolidating statements of comprehensive income and consolidating statements of cash flows for the years ended December 31, 2018, 2017 and 2016 and the condensed consolidating statements of financial position as of December 31, 2018 and 2017 reflect the current guarantor structure of the Group.

Each guarantor subsidiary is 100% owned by the Parent. The notes are guaranteed to the extent permitted by law and are subject to certain customary guarantee release provisions set forth in the indentures governing the notes on a joint and several basis by each guarantor subsidiary. Provided below are condensed consolidating statements of comprehensive income, financial position and cash flows of each of the companies listed above, together with the condensed consolidating statements of comprehensive income, financial position and cash flows of guarantor and non-guarantor subsidiaries. These have been prepared under the Group's accounting policies disclosed in note 3 which comply with IFRS with the exception of investments in subsidiaries. Investments in subsidiaries are accounted for using the equity method. The guarantor subsidiaries and non-guarantor subsidiaries are each presented on a combined basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

**Condensed consolidating statement of comprehensive income**

(In \$ million)	For the year ended December 31, 2018					Consolidated
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	
Revenue	—	—	9,682	1,202	(224)	10,660
Cost of sales	—	—	(7,769)	(1,021)	224	(8,566)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>1,913</b>	<b>181</b>	<b>—</b>	<b>2,094</b>
Net other income (expenses) and share of equity method earnings, net of income tax	(17)	—	(278)	(24)	40	(279)
Selling, marketing and distribution expenses	—	—	(239)	(25)	—	(264)
General and administration expenses	—	—	(637)	(60)	—	(697)
<b>Profit (loss) from operating activities</b>	<b>(17)</b>	<b>—</b>	<b>759</b>	<b>72</b>	<b>40</b>	<b>854</b>
Financial income	17	499	74	61	(605)	46
Financial expenses	(7)	(647)	(778)	(38)	605	(865)

<b>Net financial income (expenses)</b>	<b>10</b>	<b>(148)</b>	<b>(704)</b>	<b>23</b>	<b>—</b>	<b>(819)</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>(7)</b>	<b>(148)</b>	<b>55</b>	<b>95</b>	<b>40</b>	<b>35</b>
Income tax (expense) benefit	—	38	(49)	(29)	—	(40)
<b>Profit (loss) from continuing operations</b>	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>
Profit (loss) from discontinued operations, net of income tax	—	—	—	—	—	—
<b>Profit (loss) for the year</b>	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>
Total other comprehensive income (loss), net of income tax	(18)	—	(5)	(8)	13	(18)
<b>Total comprehensive income (loss) for the year</b>	<b>(25)</b>	<b>(110)</b>	<b>1</b>	<b>58</b>	<b>53</b>	<b>(23)</b>

<b>Profit (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	(7)	(110)	6	64	40	(7)
Equity holder of the Group - discontinued operations	—	—	—	—	—	—
Non-controlling interests	—	—	—	2	—	2
	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>

<b>Total comprehensive income (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	(25)	(110)	1	56	53	(25)
Equity holder of the Group - discontinued operations	—	—	—	—	—	—
Non-controlling interests	—	—	—	2	—	2
	<b>(25)</b>	<b>(110)</b>	<b>1</b>	<b>58</b>	<b>53</b>	<b>(23)</b>

#### Condensed consolidating statement of financial position

As of December 31, 2018						
(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
<b>Assets</b>						
Cash and cash equivalents	—	—	663	120	—	783
Trade and other receivables, net	—	—	98	1,023	—	1,121
Inventories	—	—	1,270	141	—	1,411
Inter-group receivables	—	985	28	1	(1,014)	—
Assets held for sale	—	—	5	—	—	5
Other assets	—	11	80	17	—	108
<b>Total current assets</b>	<b>—</b>	<b>996</b>	<b>2,144</b>	<b>1,302</b>	<b>(1,014)</b>	<b>3,428</b>
Investments in subsidiaries	1,408	—	895	—	(2,303)	—
Property, plant and equipment	—	—	2,714	307	—	3,021

Intangible assets	—	—	8,921	301	—	9,222
Inter-group receivables	8	6,301	1,795	245	(8,349)	—
Other assets	328	29	109	41	—	507
<b>Total non-current assets</b>	<b>1,744</b>	<b>6,330</b>	<b>14,434</b>	<b>894</b>	<b>(10,652)</b>	<b>12,750</b>
<b>Total assets</b>	<b>1,744</b>	<b>7,326</b>	<b>16,578</b>	<b>2,196</b>	<b>(11,666)</b>	<b>16,178</b>
<b>Liabilities</b>						
Trade and other payables	33	119	832	179	—	1,163
Borrowings	—	—	36	419	—	455
Inter-group payables	—	13	985	16	(1,014)	—
Other liabilities	3	—	234	29	—	266
<b>Total current liabilities</b>	<b>36</b>	<b>132</b>	<b>2,087</b>	<b>643</b>	<b>(1,014)</b>	<b>1,884</b>
Borrowings	—	6,604	3,976	—	—	10,580
Inter-group liabilities	91	490	7,094	674	(8,349)	—
Other liabilities	—	6	2,013	69	—	2,088
<b>Total non-current liabilities</b>	<b>91</b>	<b>7,100</b>	<b>13,083</b>	<b>743</b>	<b>(8,349)</b>	<b>12,668</b>
<b>Total liabilities</b>	<b>127</b>	<b>7,232</b>	<b>15,170</b>	<b>1,386</b>	<b>(9,363)</b>	<b>14,552</b>
<b>Net assets</b>	<b>1,617</b>	<b>94</b>	<b>1,408</b>	<b>810</b>	<b>(2,303)</b>	<b>1,626</b>
<b>Equity</b>						
Equity attributable to equity holder of the Group	1,617	94	1,408	801	(2,303)	1,617
Non-controlling interests	—	—	—	9	—	9
<b>Total equity</b>	<b>1,617</b>	<b>94</b>	<b>1,408</b>	<b>810</b>	<b>(2,303)</b>	<b>1,626</b>

**Condensed consolidating statement of cash flows**

(In \$ million)	For the year ended December 31, 2018					Consolidated
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	
<b>Net cash from (used in) operating activities</b>	<b>(23)</b>	<b>(396)</b>	<b>1,107</b>	<b>26</b>	<b>236</b>	<b>950</b>

**Cash flows from (used in) investing activities**

Acquisition of property, plant and equipment and intangible assets	—	—	(538)	(47)	—	(585)
Proceeds from sale of property, plant and equipment and other assets	—	—	20	1	—	21
Disposal of businesses, net of cash disposed	—	—	119	(1)	—	118
Net related party (advances) repayments	—	482	(19)	(28)	(435)	—
Related party interest received	—	214	22	—	(236)	—
Other	—	—	4	2	—	6
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>696</b>	<b>(392)</b>	<b>(73)</b>	<b>(671)</b>	<b>(440)</b>

**Cash flows from (used in) financing activities**

Repayment of borrowings	—	(300)	(52)	—	—	(352)
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Net related party borrowings (repayments)	23	—	(454)	(4)	435	—
Other	—	—	(3)	(2)	—	(5)
<b>Net cash from (used in) financing activities</b>	<b>23</b>	<b>(300)</b>	<b>(509)</b>	<b>(6)</b>	<b>435</b>	<b>(357)</b>
<b>Condensed consolidating statement of comprehensive income</b>						

For the year ended December 31, 2017						
(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
Revenue	—	—	9,368	1,352	(196)	10,524
Cost of sales	—	—	(7,259)	(1,139)	196	(8,202)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>2,109</b>	<b>213</b>	<b>—</b>	<b>2,322</b>
Net other income (expenses) and share of equity method earnings, net of income tax	425	—	176	(69)	(610)	(78)
Selling, marketing and distribution expenses	—	—	(247)	(30)	—	(277)
General and administration expenses	—	—	(681)	(64)	—	(745)
<b>Profit (loss) from operating activities</b>	<b>425</b>	<b>—</b>	<b>1,357</b>	<b>50</b>	<b>(610)</b>	<b>1,222</b>
Financial income	17	567	26	65	(626)	49
Financial expenses	(2)	(423)	(904)	(47)	626	(750)
<b>Net financial income (expenses)</b>	<b>15</b>	<b>144</b>	<b>(878)</b>	<b>18</b>	<b>—</b>	<b>(701)</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>440</b>	<b>144</b>	<b>479</b>	<b>68</b>	<b>(610)</b>	<b>521</b>
Income tax (expense) benefit	(2)	(22)	(34)	(23)	—	(81)
<b>Profit (loss) from continuing operations</b>	<b>438</b>	<b>122</b>	<b>445</b>	<b>45</b>	<b>(610)</b>	<b>440</b>
Profit (loss) from discontinued operations, net of income tax	(1)	—	(1)	—	1	(1)
<b>Profit (loss) for the year</b>	<b>437</b>	<b>122</b>	<b>444</b>	<b>45</b>	<b>(609)</b>	<b>439</b>
Total other comprehensive income (loss), net of income tax	257	—	253	92	(345)	257
<b>Total comprehensive income (loss) for the year</b>	<b>694</b>	<b>122</b>	<b>697</b>	<b>137</b>	<b>(954)</b>	<b>696</b>

<b>Profit (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	438	122	445	43	(610)	438
Equity holder of the Group - discontinued operations	(1)	—	(1)	—	1	(1)
Non-controlling interests	—	—	—	2	—	2
	<b>437</b>	<b>122</b>	<b>444</b>	<b>45</b>	<b>(609)</b>	<b>439</b>

<b>Total comprehensive income (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	695	122	698	135	(955)	695

Equity holder of the Group - discontinued operations	(1)	—	(1)	—	1	(1)
Non-controlling interests	—	—	—	2	—	2
	<b>694</b>	<b>122</b>	<b>697</b>	<b>137</b>	<b>(954)</b>	<b>696</b>

**Condensed consolidating statement of financial position**

As of December 31, 2017						
(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
<b>Assets</b>						
Cash and cash equivalents	—	—	457	160	—	617
Trade and other receivables, net	—	—	93	1,043	—	1,136
Inventories	—	—	1,225	145	—	1,370
Inter-group receivables	—	717	25	—	(742)	—
Assets held for sale	—	—	3	141	—	144
Other assets	—	4	43	18	—	65
<b>Total current assets</b>	<b>—</b>	<b>721</b>	<b>1,846</b>	<b>1,507</b>	<b>(742)</b>	<b>3,332</b>
Investments in subsidiaries	1,407	—	1,125	—	(2,532)	—
Property, plant and equipment	—	—	2,601	322	—	2,923
Intangible assets	—	—	9,306	353	—	9,659
Inter-group receivables	9	6,763	1,609	149	(8,530)	—
Other assets	330	282	114	42	—	768
<b>Total non-current assets</b>	<b>1,746</b>	<b>7,045</b>	<b>14,755</b>	<b>866</b>	<b>(11,062)</b>	<b>13,350</b>
<b>Total assets</b>	<b>1,746</b>	<b>7,766</b>	<b>16,601</b>	<b>2,373</b>	<b>(11,804)</b>	<b>16,682</b>
<b>Liabilities</b>						
Trade and other payables	33	125	786	172	—	1,116
Borrowings	—	—	52	418	—	470
Inter-group payables	—	4	718	20	(742)	—
Liabilities directly associated with assets held for sale	—	—	—	34	—	34
Other liabilities	6	—	257	35	—	298
<b>Total current liabilities</b>	<b>39</b>	<b>129</b>	<b>1,813</b>	<b>679</b>	<b>(742)</b>	<b>1,918</b>
Borrowings	—	6,897	4,022	—	—	10,919
Inter-group liabilities	65	490	7,304	671	(8,530)	—
Other liabilities	—	66	2,055	72	—	2,193
<b>Total non-current liabilities</b>	<b>65</b>	<b>7,453</b>	<b>13,381</b>	<b>743</b>	<b>(8,530)</b>	<b>13,112</b>
<b>Total liabilities</b>	<b>104</b>	<b>7,582</b>	<b>15,194</b>	<b>1,422</b>	<b>(9,272)</b>	<b>15,030</b>
<b>Net assets</b>	<b>1,642</b>	<b>184</b>	<b>1,407</b>	<b>951</b>	<b>(2,532)</b>	<b>1,652</b>
<b>Equity</b>						
Equity attributable to equity holder of the Group	1,642	184	1,407	941	(2,532)	1,642
Non-controlling interests	—	—	—	10	—	10
<b>Total equity</b>	<b>1,642</b>	<b>184</b>	<b>1,407</b>	<b>951</b>	<b>(2,532)</b>	<b>1,652</b>

**Condensed consolidating statement of cash flows**

For the year ended December 31, 2017

(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
<b>Net cash from (used in) operating activities</b>	<b>(18)</b>	<b>(397)</b>	<b>1,245</b>	<b>(136)</b>	<b>146</b>	<b>840</b>
<b>Cash flows from (used in) investing activities</b>						
Acquisition of property, plant and equipment and intangible assets	—	—	(362)	(48)	—	(410)
Proceeds from sale of property, plant and equipment and other assets	—	—	5	—	—	5
Disposal of businesses, net of cash disposed	—	—	12	32	—	44
Net related party (advances) repayments	—	446	(413)	14	(47)	—
Related party interest received	—	131	15	—	(146)	—
Other	—	—	2	—	—	2
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>577</b>	<b>(741)</b>	<b>(2)</b>	<b>(193)</b>	<b>(359)</b>
<b>Cash flows from (used in) financing activities</b>						
Drawdown of borrowings	—	—	—	452	—	452
Repayment of borrowings	—	(445)	(336)	(440)	—	(1,221)
Net related party borrowings (repayments)	18	265	(459)	129	47	—
Payment of debt transaction costs	—	—	(6)	(4)	—	(10)
Other	—	—	(3)	(3)	—	(6)
<b>Net cash from (used in) financing activities</b>	<b>18</b>	<b>(180)</b>	<b>(804)</b>	<b>134</b>	<b>47</b>	<b>(785)</b>

Condensed consolidating statement of comprehensive income

For the year ended December 31, 2016

(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
Revenue	—	—	9,386	1,446	(186)	10,646
Cost of sales	—	—	(7,224)	(1,221)	186	(8,259)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>2,162</b>	<b>225</b>	<b>—</b>	<b>2,387</b>
Net other income (expenses) and share of equity method earnings, net of income tax	151	—	130	(64)	(289)	(72)
Selling, marketing and distribution expenses	—	—	(281)	(34)	—	(315)
General and administration expenses	—	—	(779)	(76)	—	(855)
<b>Profit (loss) from operating activities</b>	<b>151</b>	<b>—</b>	<b>1,232</b>	<b>51</b>	<b>(289)</b>	<b>1,145</b>
Financial income	17	813	29	58	(748)	169
Financial expenses	—	(724)	(1,041)	(25)	748	(1,042)



Net financial income (expenses)	17	89	(1,012)	33	—	(873)
Profit (loss) from continuing operations before income tax	168	89	220	84	(289)	272
Income tax (expense) benefit	(3)	(33)	(43)	(26)	—	(105)
Profit (loss) from continuing operations	165	56	177	58	(289)	167
Profit (loss) from discontinued operations, net of income tax	(6)	—	1	—	(1)	(6)
Profit (loss) for the year	159	56	178	58	(290)	161
Total other comprehensive income (loss), net of income tax	8	—	4	(85)	81	8
Total comprehensive income (loss) for the year	167	56	182	(27)	(209)	169

**Profit (loss) attributable to:**

Equity holder of the Group - continuing operations	165	56	177	56	(289)	165
Equity holder of the Group - discontinued operations	(6)	—	1	—	(1)	(6)
Non-controlling interests	—	—	—	2	—	2
	159	56	178	58	(290)	161

**Total comprehensive income (loss) attributable to:**

Equity holder of the Group - continuing operations	173	56	181	(29)	(208)	173
Equity holder of the Group - discontinued operations	(6)	—	1	—	(1)	(6)
Non-controlling interests	—	—	—	2	—	2
	167	56	182	(27)	(209)	169

**Condensed consolidating statement of cash flows**

For the year ended December 31, 2016

(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
Net cash from (used in) operating activities	(46)	(727)	1,132	68	449	876

**Cash flows from (used in) investing activities**

Acquisition of property, plant and equipment and intangible assets	—	—	(286)	(38)	—	(324)
Proceeds from sale of property, plant and equipment and other assets	—	—	10	3	—	13
Disposal of businesses, net of cash disposed	—	—	149	—	—	149
Net related party (advances) repayments	—	1,811	(38)	4	(1,777)	—

Related party interest received	—	450	4	—	(449)	5
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>2,261</b>	<b>(161)</b>	<b>(31)</b>	<b>(2,226)</b>	<b>(157)</b>
<b>Cash flows from (used in) financing activities</b>						
Drawdown of borrowings	—	3,152	1,348	206	—	4,706
Repayment of borrowings	—	(4,774)	(1,450)	(115)	—	(6,339)
Net related party borrowings (repayments)	45	122	(1,824)	(120)	1,777	—
Payment of debt transaction costs	—	(34)	(76)	—	—	(110)
Other	—	—	(5)	(1)	—	(6)
<b>Net cash from (used in) financing activities</b>	<b>45</b>	<b>(1,534)</b>	<b>(2,007)</b>	<b>(30)</b>	<b>1,777</b>	<b>(1,749)</b>

## Subsequent events

**12 Months Ended  
Dec. 31, 2018**

[Disclosure of events after reporting  
period \[Abstract\]](#)

[Subsequent events](#)

### Subsequent events

There have been no events subsequent to December 31, 2018 which would require accrual or disclosure in these consolidated financial statements.

## Significant accounting policies (Policies)

**12 Months Ended  
Dec. 31, 2018**

### [Disclosure of significant accounting policies](#)

#### [\[Abstract\]](#)

#### [Statement of compliance](#)

#### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations as issued by the International Accounting Standards Board ("IASB").

#### [Basis of measurement](#)

#### **Basis of measurement**

The consolidated financial statements have been prepared under the historical cost convention except for:

- certain components of inventory which are measured at net realizable value;
- defined benefit pension plan liabilities and post-employment medical plan liabilities which are measured under the projected unit credit method; and
- certain assets and liabilities, such as derivatives, which are measured at fair value.

Information disclosed in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the current year is for the twelve month period ended December 31, 2018. Information for the comparative years is for the twelve month periods ended December 31, 2017 and December 31, 2016.

#### [Use of estimates and judgements](#)

#### **Use of estimates and judgements**

The preparation of the consolidated financial statements requires the Directors and management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

#### [Basis of consolidation](#)

#### **Basis of consolidation**

##### **(a) Subsidiaries**

Subsidiaries are entities controlled by the parent of the Group. Control is achieved when the parent of the Group: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns from the investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there have been changes to one or more of these three elements of control. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, including the fair value of any contingent consideration and share-based payment awards (as measured in accordance with IFRS 2 "Share Based Payments") of the acquiree that are mandatorily replaced as a result of the transaction. Transaction costs that the Group incurs in connection with an acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are initially recognized at their proportionate share of the fair value of the net assets acquired.

During the measurement period, an acquirer can report provisional information for a business combination if by the end of the reporting period in which the combination occurs the accounting is incomplete. The measurement period, however, ends at the earlier of when the acquirer has received all of the necessary information to determine the fair values or one year from the date of the acquisition.

##### **(b) Joint ventures and associates**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Associates are those entities in which the Group has significant influence, but not

control, over the financial and operating policies, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting.

#### **(c) Transactions between entities under common control**

Common control transactions arise between entities that are under the ultimate ownership of the common sole shareholder, Mr. Graeme Hart.

Acquisitions of businesses under common control are accounted for as follows:

- predecessor value method requires the financial statements to be prepared using predecessor book values without any step up to fair values;
- premium or discount on acquisition is calculated as the difference between the total consideration paid and the book value of the share capital of the acquired entity, and is recognized directly in equity as a component of a separate reserve; and
- the results of operations and cash flows of the acquired entity are included on a restated basis in the financial statements from the date that common control originally commenced (i.e., from the date the business was acquired by Mr. Graeme Hart) as though the entities had always been combined from the common control date forward.

#### **(d) Transactions eliminated on consolidation**

Intra-group balances and unrealized items of income and expense arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

#### **(e) Transactions with non-controlling interests**

The Group accounts for transactions with non-controlling interests as transactions with the equity owner of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### **Functional currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is New Zealand dollars ("NZ\$").

### Functional currency

#### **Foreign currency transactions**

Foreign currency transactions are converted into the functional currency of the entity using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the respective entities at the exchange rate at that date.

Foreign currency transactional gains or losses are recognized in the statement of comprehensive income as a component of profit or loss, unless the underlying transaction is recognized directly in equity.

### Foreign currency transactions

#### **Foreign currency translations**

The results of operations and financial position of those entities that have a functional currency different from the presentation currency of the Group are translated into the Group's presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the reporting date of the statement of financial position;
- (ii) income and expense items for each profit or loss item are translated at average exchange rates;
- (iii) items of other comprehensive income are translated at average exchange rates; and
- (iv) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized as a component of equity and included in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income as part of the gain or loss on the sale.

#### **Non-derivative financial instruments**

Non-derivative financial instruments are comprised of cash and cash equivalents, trade and other receivables, trade and other payables and interest bearing borrowings.

A non-derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without

### Non-derivative financial instruments

retaining control or substantially all the risks and rewards of the asset. Non-derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognized initially at fair value, plus any directly attributable transaction costs for instruments not at fair value through profit or loss. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to offset exists and the Group intends to either settle the instrument net or realize the asset and liability simultaneously.

Upon initial acquisition the Group classifies its financial instruments in one of the following categories, which is dependent on the purpose for which the financial instruments were acquired or assumed.

**(a) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of less than three months. Bank overdrafts are included in borrowings and are classified as current liabilities in the statement of financial position except if repayable on demand, in which case they are included separately as a component of current liabilities. In the statement of cash flows, bank overdrafts are included as a component of cash and cash equivalents.

**(b) Loans and receivables**

The Group's loans and receivables are comprised of trade and other receivables (including related party receivables) which are stated at their cost less provision for impairment.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Given the short-term nature of trade receivables the carrying amount is a reasonable approximation of fair value.

**Other liabilities**

Other liabilities are comprised of all non-derivative financial liabilities that are not disclosed as liabilities at fair value through profit or loss. Other liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The Group's other liabilities are comprised of trade and other payables and interest bearing borrowings, including those with related parties. The Group's other liabilities are measured as follows:

**(i) Trade and other payables**

Subsequent to initial recognition trade and other payables are stated at amortized cost using the effective interest method.

**(ii) Interest bearing borrowings including related party borrowings**

On initial recognition, borrowings are stated at fair value less transaction costs that are directly attributable to borrowings. Subsequent to initial recognition interest bearing borrowings are stated at amortized cost. Any difference between the amortized cost and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated by discounting the future contractual cash flows at the current market interest rates that are available for similar financial instruments.

**Derivative financial instruments**

A derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of an instrument at the trade date.

All derivatives are recognized at fair value based on a valuation model which includes consideration of credit risk, where applicable, and discounts the estimated future cash flows based on the terms and maturity of each contract using forward curves and market interest rates at the reporting date. Transaction costs are expensed as incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognized in the statement of comprehensive income as a component of profit or loss unless the derivative financial instrument qualifies for hedge accounting, and the Group elects to apply hedge accounting.

Derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to offset exists.

Derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the instrument expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Other liabilities

Derivative financial instruments

Derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Embedded derivatives are separated from the host contract and accounted for separately if the following conditions are met:

- (i) the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (iii) the combined instrument is not measured at fair value through profit or loss.

At the time of initial recognition of the embedded derivative an equal adjustment is also recognized against the host contract. The adjustment against the host contract is amortized over the remaining life of the host contract using the effective interest method.

Any embedded derivatives that are separated are measured at fair value with changes in fair value recognized through net financial expenses in the statement of comprehensive income as a component of profit or loss.

## Inventories

### **Inventories**

#### **(a) Raw materials, work in progress and finished goods**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

#### **(b) Engineering and maintenance materials**

Engineering and maintenance materials (representing either critical or long order components) are measured at the lower of cost and net realizable value. The cost of these inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is determined with reference to the cost of replacement of such items in the ordinary course of business compared to the current market prices.

## Property, plant and equipment

### **Property, plant and equipment**

#### **(a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Property, plant and equipment acquired in a business combination is recorded at fair value, which is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of property, plant and equipment, which is determined by management, is based on the quoted market prices for similar items where available or based on the assessment of appropriately qualified independent valuers.

#### **(b) Assets under construction**

Assets under construction are transferred to the appropriate asset category when they are ready for their intended use. Assets under construction are not depreciated but tested for impairment at least annually or when there is an indication of impairment.

#### **(c) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the

day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as a component of profit or loss as incurred.

#### **(d) Depreciation**

Land is not depreciated. Depreciation on other assets is recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives for the material classes of property, plant and equipment are as follows:

- Buildings 20 to 50 years
- Plant and equipment 3 to 25 years
- Furniture and fixtures 3 to 20 years

Depreciation methods, useful lives and residual values are reassessed on an annual basis.

Gains and losses on the disposal of items of property, plant and equipment are determined by comparing the proceeds at the time of disposal with the net carrying amount of the asset.

## Leases

### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Upon initial recognition the finance leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included in borrowings as a finance lease obligation. Subsequent to initial recognition the liability is accounted for at amortized cost using the effective interest method and the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges which are recognized in the statement of comprehensive income as a component of profit or loss are allocated to each period during the lease term so as to reflect a constant rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the periods in which the payments are incurred.

Payments made under operating leases are recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the terms of the lease, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent lease payments arising under operating leases are recognized as an expense in the period in which the payments are incurred. Presently, all payments under operating leases are recognized on a straight-line basis over the term of the lease in the statement of comprehensive income.

In the event that lease incentives are received to enter into an operating lease, such incentives are deferred and recognized as a liability. The aggregated benefits of the lease incentives are amortized as a reduction to the lease expenses on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

## Goodwill

### **Goodwill**

Goodwill arises on the acquisition of subsidiaries and business operations and is recognized at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest in the acquiree over the fair value of the identifiable net assets recognized. Goodwill is allocated to the operations that are expected to benefit from the business combination in which the goodwill arose after the allocation of purchase consideration is finalized.

Goodwill is not amortized. Goodwill is measured at cost less accumulated impairment losses and is tested at least annually for impairment. Goodwill is monitored for impairment testing at the segment level, which is the lowest level within the Group at which goodwill is monitored for internal management purposes.

### **Trademarks**

Trademarks are measured at cost less accumulated amortization and accumulated impairment losses. Trademarks acquired in a business combination are initially measured at fair value based on the discounted estimated royalty payments that have been avoided as a result of owning the trademark. Certain acquired trademarks are considered indefinite life intangible assets as they represent the value accumulated in the brand which is expected to continue indefinitely into the future and are recognized at cost less accumulated impairment losses.

#### **(c) Customer relationships**

## Intangible assets other than goodwill



Customer relationships represent the value attributable to purchased long-standing business relationships which have been cultivated over the years with customers. Customer relationships acquired in a business combination are initially recognized at fair value based on the discounted cash flows expected to be derived from the relationship. Customer relationships are amortized using the straight-line method over the estimated remaining useful lives of the relationships, which are based on customer attrition rates and projected cash flows.

#### **(d) Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technological knowledge and understanding, is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technologically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. Intangible assets arising from development activities are measured at cost less accumulated amortization and accumulated impairment losses. Other development expenditure that does not qualify for capitalization is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

#### **(e) Other intangible assets**

Other intangible assets comprise permits, software, technology and patents. Other intangible assets that have finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Other intangible assets that have indefinite useful lives are carried at cost less accumulated impairment losses.

#### **(f) Subsequent costs**

Subsequent costs with respect to intangible assets are capitalized only when the expenditure increases the future economic benefits embodied in the specific asset to which the expenditure relates and it can be reliably measured. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of comprehensive income as a component of profit or loss as incurred.

#### **(g) Amortization**

Amortization is recognized in the statement of comprehensive income as a component of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life intangibles, from the date that the intangible assets are available for use.

The estimated useful lives for the material classes of amortizable intangible assets are as follows:

- Trademarks 5 to 15 years
- Customer relationships 6 to 25 years
- Software/technology 3 to 15 years
- Patents 5 to 14 years

#### **Impairment**

The carrying amounts of the Group's assets are reviewed regularly and at least annually to determine whether there is any objective evidence of impairment. An impairment loss is recognized whenever the carrying amount of an asset, cash generating unit ("CGU") or group of CGUs exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognized in the statement of comprehensive income as a component of profit or loss.

#### **(a) Impairment of loans and receivables**

The Group's loans and receivables that are carried at amortized cost are assessed for impairment using the present value of estimated future cash flows. Long duration receivables are discounted using their original effective interest rate, while short duration receivables are not discounted.

Impairment is assessed on all instruments that are considered individually significant, based on that specific instrument's exposure. For trade receivables that are not individually significant, impairment is assessed on a portfolio basis, utilizing historical loss experiences on similarly aged portfolios.

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency with respect to interest or principal repayment; or

## [Impairment](#)

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio.

## Non-financial assets

### **Non-financial assets**

The carrying amounts of the Group's non-financial assets, including goodwill and indefinite life intangible assets, are reviewed at least annually to determine whether there is any indication of impairment. If any such indicators exist then the asset's or CGU's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amounts are estimated at least annually and whenever there is an indication that they may be impaired.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the statement of comprehensive income as a component of profit or loss. Impairment losses recognized with respect to a segment are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other non-financial assets in the CGU on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In assessing the fair value less costs to dispose for goodwill and certain trademarks, the forecasted future Adjusted EBITDA (as defined in note 5) to be generated by the asset or segment being assessed is multiplied by a relevant market indexed multiple ("earnings multiple"). The fair value less cost to dispose of the Reynolds® and Hefty® trademarks is first evaluated at the trademark level using the relief from royalty method. If no indication of impairment is identified, no further measurement is required. If the relief from royalty method indicates a possible impairment, the trade name is tested at the branded CGU level. Fair value at the branded CGU level would be determined based on estimated future cash flows that are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

Indefinite life intangible assets other than goodwill and the Reynolds® and Hefty® trademarks discussed above consist primarily of the Graham Packaging trademark and permits associated with various production plants. The fair value less cost to dispose for other indefinite life intangible assets are evaluated at the applicable CGU level.

With respect to assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's revised carrying amount will not exceed the net carrying amount that would have been determined if no impairment loss had been recognized.

## Assets and liabilities classified as held for sale and discontinued operations

### **Assets and liabilities classified as held for sale and discontinued operations**

#### **(a) Assets and liabilities classified as held for sale**

Assets (or disposal groups comprised of assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. They are stated at the lower of carrying amount and fair value less costs to dispose. Upon reclassification the Group ceases to depreciate or amortize non-current assets classified as held for sale. Impairment losses on initial classification of an asset to being held for sale and subsequent gains or losses on remeasurement are recognized in the statement of comprehensive income as a component of profit or loss. Gains are not recognized in excess of any prior cumulative impairment losses.

#### **(b) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary or business acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is revised as if the operation had been discontinued from the start of the earliest comparative period.

### **Employee benefits**

#### **(a) Pension obligations**

The Group operates various defined contribution and defined benefit plans.

##### **(i) Defined contribution plans**

A defined contribution plan is a plan under which the employee and the Group pay fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions in relation to an employee's service in the current and prior years. The Group's contributions are recognized in the statement of comprehensive income as a component of profit or loss as incurred.

## Employee benefits

(ii) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The Group's net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits that employees have earned in return for their service in the current and prior years. These benefits are then discounted to determine the present value of the Group's obligations. The discount rate used is the yield on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The Group's net obligation is then determined with reference to the fair value of the plan assets (if any). The calculations are performed by qualified actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability, which include actuarial gains and losses and the return on plan assets (excluding calculated interest) are recognized in the period of remeasurement in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the beginning net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other plan expenses are recognized in profit or loss.

Past service costs are recognized as an expense in profit or loss at the earlier of the plan amendment or curtailment, or when the related restructuring or termination benefits are recognized.

The Group also participates in a limited number of multi-employer pension plans. To the extent that sufficient information is not available to use defined benefit plan accounting, the Group accounts for its participation in the multi-employer plan as if it were a defined contribution plan.

**(b) Short-term employee benefits**

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of comprehensive income as a component of profit or loss as the related services are provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

**(c) Post-employment medical plans**

In certain jurisdictions the Group sponsors a number of defined benefit medical plans for certain existing employees and retirees. Typically these plans are unfunded and define a level of medical care that the individual will receive.

The Group's net obligation is calculated separately for each plan by estimating the current and future use of these services by eligible employees and the current and expected future medical costs associated with such services, which are discounted to determine their present value. The discount rate used is the yield on bonds that are denominated in the currency and jurisdiction in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed by qualified actuaries using the projected unit credit method with the use of mortality tables published by government agencies.

Past service costs are recognized in the statement of comprehensive income as a component of profit or loss in the current year.

**(d) Termination benefits**

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

**Measurement of obligations under defined benefit plans**

The Group operates a number of defined benefit pension plans. Amounts recognized under these plans are determined using actuarial methods. These actuarial valuations involve assumptions regarding discount rates, expected salary increases and life expectancy. These assumptions are reviewed at least annually and reflect estimates as of the measurement date.

Any change in these assumptions will impact the amounts reported in the statements of financial position, as well as net pension expense or income that may be recognized in future years.

**Provisions**

[Provisions](#)

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision for the passage of time is recognized in financial expenses in the statement of comprehensive income as a component of profit or loss.

**(a) Legal**

The Group is subject to litigation in the ordinary course of operations. Provisions for legal claims are recognized when estimated costs associated with settling current legal proceedings are considered probable. Provisions may include estimated legal and other fees associated with settling these claims.

**(b) Restructuring**

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Business closure and rationalization provisions can include such items as employee severance or termination pay, site closure costs and onerous leases. No provision is made for future operating costs.

**(c) Asset retirement obligations**

A provision for decommissioning costs is recognized when the Group has an obligation to fulfill certain requirements upon the disposal of particular assets.

**Self-insured employee obligations**

**(a) Self-insured employee workers' compensation**

The Group is self-insured with respect to its workers' compensation obligations in the United States. As a component of its self-insured status the Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2018, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in provisions.

**(b) Self-insured employee health insurance**

The Group is self-insured for certain employee health insurance. The Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2018, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in employee benefits.

**Equity**

**(a) Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

**(b) Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currencies to the Group's presentation currency.

**(c) Other reserves**

The other reserves comprise balances resulting from transactions between entities under common control and remeasurement gains and losses arising on defined benefit plans.

In accordance with the Group's accounting policy for transactions between entities under common control (refer to note 3.1(c)), the Group has recognized in other reserves the difference between the total consideration paid for the businesses acquired and the book value of the share capital of the parent companies acquired for the transactions which occurred on November 5, 2009, May 4, 2010 and September 1, 2010.

**Revenue**

**(a) Revenue recognition for the year ended December 31, 2018**

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers." IFRS 15 contains a revised revenue recognition framework which provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised products or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those products or services. In accordance with the transition provisions in IFRS 15, the Group has elected to adopt the new rules using the

[Self-insured employee obligations](#)

[Equity](#)

[Revenue](#)

modified retrospective method, in which case the cumulative effect of applying the standard is to be recognized at the date of initial application. Accordingly, the cumulative effect was recognized as of January 1, 2018. The Group elected to apply this method to all contracts that were not completed at the date of initial application. The adoption resulted in changes in accounting policies and immaterial adjustments to the amounts recognized in the financial statements, including the cumulative impact to retained earnings at January 1, 2018 as well as the results for the year ended December 31, 2018.

The Group manufactures and sells a range of consumer food, beverage and food service packaging products. The Group enters into a variety of arrangements with customers, including pricing arrangements and master supply arrangements, which outline the terms under which the Group does business with a specific customer. The Group also sells to some customers solely based on purchase orders. The Group has concluded that for the vast majority of its revenue, its contracts with customers are either a purchase order or the combination of a purchase order with a master supply arrangement.

Revenue is recognized for these arrangements over time or at a point in time depending on the Group's evaluation of when the customer obtains control of the promised products or services. Revenue from customer products which have no alternative use, for which an enforceable right to payment exists, is recognized over time due to the continuous transfer of control to the customer. This continuous transfer of control to the customer is supported by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience or by contractual termination clauses, and requires that the customer pay the Group for costs incurred plus a reasonable profit. Therefore, the Group will recognize revenue earlier for these arrangements, such that a portion of revenue will be recognized prior to the delivery of these products. All other revenue is recognized at a point in time, which is typically on delivery. All revenue is recognized net of any related rebates, discounts and tax. Refer to note 5 for additional information on disaggregated revenue.

The nature of the Group's contracts gives rise to several types of variable consideration. The recognition of revenue is dependent on the terms of the individual arrangements of a sale. In arriving at net revenue, the Group estimates the amount of deductions from revenue that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts. In addition, in certain businesses, the Group participates in customer pricing programs that provide price discounts to the ultimate end-users of the Group's products in the form of redeemable coupons. The Group's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of anticipated performance and all information reasonably available to the Group, including historical and current market trends which are affected by seasonality and competitiveness of promotional programs being offered. Accumulated experience is used to estimate and provide for the expected value of these discounts. The Group includes estimated amounts in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates are reviewed quarterly for possible revisions. In the event that future revenue deduction trends vary significantly from past or expected trends, reported revenue may increase or decrease by a material amount.

For arrangements that include multiple performance obligations, the Group allocates revenue to each performance obligation based on estimates of the price that would be charged to the customer for each promised product or service if it were sold on a standalone basis. The durations for these arrangements are short-term, not exceeding one year. The Group has elected to apply the practical expedients not to disclose additional information about its remaining performance obligations.

The Group does not have any material contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group does not incur any significant costs to obtain a contract.

#### **(b) Revenue recognition for the years ended December 31, 2017 and 2016**

Revenue consists primarily of the sale of goods and is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, volume rebates and other customer incentives. Revenue is recognized when the significant risks and rewards of ownership have been substantially transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards of ownership vary depending on the individual terms of the contract of sale and occur either upon shipment of the goods or upon receipt of the goods and/or their installation at a customer location.

## **Financial income and expenses**

Financial income is comprised of interest income, foreign currency gains and gains on derivative financial instruments in respect of financing activities that are recognized in the statement of comprehensive income as a component of profit or loss. Interest income is recognized as it accrues using the effective interest method.

Financial expenses are comprised of interest expense, amortization of capitalized transaction costs, foreign currency losses, losses on early extinguishment of debt, borrowing costs not qualifying for capitalization and losses on derivative financial instruments with respect to financing activities that are recognized in the statement of comprehensive income as a component of profit or loss.

## Income taxes

### **Income tax**

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of comprehensive income as a component of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized with the associated items on a net basis.

Current tax is the expected tax payable (refundable) on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable (refundable) with respect to previous years.

Deferred tax is recognized using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized when the Group considers it more likely than not that the deferred tax asset will be recoverable. In determining if a deferred tax asset is recoverable, the Group considers the adequacy of future taxable income, including the reversal of taxable temporary differences, forecasted earnings, and available tax planning strategies. The recoverability of deferred tax assets is reviewed at each reporting date.

Deferred income tax assets and liabilities of the same taxing jurisdiction are netted in the consolidated statement of financial position only to the extent that there is a legally enforceable right to offset current tax assets and current tax liabilities, the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxing authority and are expected to be settled on a net basis or realized simultaneously.

For subsidiaries in which the earnings are not considered to be permanently reinvested, the additional tax consequences of future dividend distributions are provided for in the consolidated statement of financial position.

### **Income taxes**

Determining the Group's worldwide income tax provision and income tax liability requires significant judgment and the use of accounting estimates and assumptions, some of which are highly uncertain. Each taxing jurisdiction's laws are complex and subject to differing interpretations by the taxpayer and the respective taxing authorities. Significant judgment is required in evaluating the Group's tax positions, including evaluating uncertainties. To the extent actual results differ from these estimates in future periods and depending on the tax strategies that the Group may implement, the Group's financial position may be directly affected.

## Sales tax, value added tax and goods and services tax

### **Sales tax, value added tax and goods and services tax**

All amounts (including cash flows) are shown exclusive of sales tax, value added tax ("VAT") and goods and services tax ("GST") to the extent the taxes are reclaimable, except for receivables and payables that are stated inclusive of sales tax, VAT and GST.

## New and revised accounting standards and interpretations

### **New and revised accounting standards and interpretations**

#### **(a) Interpretations and amendments to existing standards effective in 2018**

There have been no other interpretations or amendments to existing standards effective in 2018 that have an impact on the Group's financial statements.

#### **(b) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group**

The following standards and amendments to existing standards are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these consolidated financial statements:

In February 2018, the IASB issued an amendment to IAS 19, "Employee Benefits." This amendment requires an entity to: (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognize in profit or loss as part of past service costs, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment is applied prospectively to plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period



beginning on or after January 1, 2019. The adoption of this amendment is not expected to have an impact on the Group's consolidated financial statements.

In June 2017, the IASB issued IFRIC Interpretation 23, "Uncertainty over Income Tax Treatments." IFRIC 23 is to be applied while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates. The interpretation is effective for annual periods beginning on or after January 1, 2019, although early adoption is permitted. The adoption of this interpretation is not expected to have a material impact on the Group's consolidated financial statements.

In January 2016, the IASB issued IFRS 16 "Leases." The new standard supersedes IAS 17 "Leases" and related interpretations, and its objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model whereby a lessee is required to record a right-of-use asset and a lease liability for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and the subsequent depreciation of the right-of-use asset over the lease term. In addition, IFRS 16 replaces a portion of the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019. The Group will adopt IFRS 16 effective January 1, 2019 using a modified retrospective method and will not restate comparative periods. The Group is electing the practical expedients available under the transition guidance, which, among other things, allows a recognition exemption for short term and low value leases and the use of hindsight. Upon adoption, the Group expects to record right-of-use assets and lease liabilities in the range of approximately \$348 million to \$426 million, representing the present value of future lease payments with terms of greater than 12 months. While the Group is substantially complete with the implementation efforts, IFRS 16 also requires expanded disclosure regarding the amounts, timing and uncertainties of cash flows related to the Group's lease portfolio. The Group is evaluating these disclosure requirements and is incorporating the collection of relevant data into its processes in preparation for disclosure in 2019.

## Impairment of assets

### **Impairment of assets**

#### **(a) Goodwill and indefinite life intangible assets**

Determining whether goodwill is impaired requires estimation of the recoverable values of a segment, which is the lowest level within the Group at which goodwill is monitored for internal management purposes. Determining whether indefinite life intangible assets are impaired requires estimation of the recoverable values of a CGU or group of CGUs to which these assets have been allocated. Recoverable values have been based on the higher of fair value less costs to dispose and value in use (as appropriate for the asset being reviewed). Significant judgment is involved with estimating the fair value of a segment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the segment and a suitable discount rate in order to calculate present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets, the assumptions used in impairment testing and an impairment charge recorded at Graham Packaging in the current year are provided in note 13.

#### **(b) Other assets**

Other assets, including property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A change in the Group's intended use of certain assets, such as a decision to rationalize manufacturing locations, may trigger a future impairment.

## Realization of deferred tax assets

### **Realization of deferred tax assets**

Deferred tax assets represent deductions available to reduce taxable income in future years. The Group evaluates the recoverability of deferred tax assets by assessing the adequacy of future taxable income, including reversal of taxable temporary differences, forecasted earnings and available tax planning strategies. The forecasts of future taxable income rely heavily on the use of estimates. The Group recognizes deferred tax assets when the Group considers it more likely than not that the deferred tax asset will be recoverable.

### **Promotional and trade allowances**

In arriving at net sales, the Group estimates the amount of deductions from sales that are likely to be earned or taken by customers in conjunction with incentive programs or the amount of consumer incentives to be utilized. These incentives include volume rebates and early payment discounts for consumer programs. In addition, in certain of its businesses, the Group pays slotting fees and participates in customer pricing programs that provide price discounts to the ultimate end-users of its products in the form of redeemable coupons. Estimates for each of these programs are based on historical and current market trends which are affected by the business seasonality and competitiveness of promotional programs being offered. Estimates are reviewed quarterly for possible revisions.

## Promotional and trade allowances

**Significant accounting  
policies (Tables)**

[Disclosure of significant accounting policies](#)

[\[Abstract\]](#)

[Disclosure of detailed information about exchange rates](#)

**12 Months Ended  
Dec. 31, 2018**

The following significant exchange rates applied during the year:

	Average rate for the year ended December 31,			As of December 31,	
	2018	2017	2016	2018	2017
1 €	1.18	1.13	1.11	1.14	1.19
10 MXN	0.52	0.53	0.54	0.51	0.51
1 NZ\$	0.69	0.71	0.70	0.67	0.71
1 CA\$	0.77	0.77	0.75	0.73	0.80



## Segment reporting (Tables)

12 Months Ended  
Dec. 31, 2018

### [Operating Segments](#)

### [\[Abstract\]](#)

### [Schedule of business segments](#) Business segment reporting

	For the year ended December 31, 2018						
(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,980	3,267	2,087	1,504	822	—	10,660
Total inter-segment revenue	164	511	—	99	39	(813)	—
<b>Total segment revenue</b>	<b>3,144</b>	<b>3,778</b>	<b>2,087</b>	<b>1,603</b>	<b>861</b>	<b>(813)</b>	<b>10,660</b>
Gross profit	849	606	265	233	142	(1)	2,094
Expenses and other income	(289)	(293)	(404)	(65)	(59)	(130)	(1,240)
<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>560</b>	<b>313</b>	<b>(139)</b>	<b>168</b>	<b>83</b>	<b>(131)</b>	<b>854</b>
Financial income							46
Financial expenses							(865)
<b>Profit (loss) from continuing operations before income tax</b>							<b>35</b>
Income tax (expense) benefit							(40)
<b>Profit (loss) from continuing operations</b>							<b>(5)</b>
<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>560</b>	<b>313</b>	<b>(139)</b>	<b>168</b>	<b>83</b>	<b>(131)</b>	<b>854</b>
Depreciation and amortization from continuing operations	83	204	253	63	52	—	655
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA") from</b>	<b>643</b>	<b>517</b>	<b>114</b>	<b>231</b>	<b>135</b>	<b>(131)</b>	<b>1,509</b>

continuing operations							
For the year ended December 31, 2018							
(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations	643	517	114	231	135	(131)	1,509
Included in EBITDA:							
Asset impairment charges, net of reversals	—	7	229	—	4	—	240
(Gain) loss on sale or disposal of businesses and non-current assets	—	23	—	—	(31)	—	(8)
Non-cash pension expense	—	—	—	—	—	56	56
Operational process engineering-related consultancy costs	—	14	—	—	—	—	14
Related party management fee	—	—	—	—	—	28	28
Restructuring costs, net of reversals	—	2	7	—	8	—	17
Unrealized (gain) loss on derivatives	14	6	—	2	—	—	22
Other	(5)	—	(1)	(3)	—	3	(6)
Adjusted EBITDA from continuing operations	652	569	349	230	116	(44)	1,872
Segment assets (excluding intercompany balances)	4,108	4,702	3,958	1,129	994	1,287	16,178
Included in segment assets are:							
Additions to property,	82	243	130	65	40	5	565

plant and equipment							
Additions to intangible assets	1	16	2	—	—	3	22

<b>Segment liabilities (excluding intercompany balances)</b>	<b>593</b>	<b>880</b>	<b>705</b>	<b>371</b>	<b>235</b>	<b>11,768</b>	<b>14,552</b>
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For the year ended December 31, 2017

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,807	3,237	2,147	1,448	885	—	10,524
Total inter-segment revenue	152	492	—	114	16	(774)	—
<b>Total segment revenue</b>	<b>2,959</b>	<b>3,729</b>	<b>2,147</b>	<b>1,562</b>	<b>901</b>	<b>(774)</b>	<b>10,524</b>
Gross profit	853	721	323	276	155	(6)	2,322
Expenses and other income	(283)	(319)	(188)	(79)	(103)	(128)	(1,100)
<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>570</b>	<b>402</b>	<b>135</b>	<b>197</b>	<b>52</b>	<b>(134)</b>	<b>1,222</b>
Financial income							49
Financial expenses							(750)
<b>Profit (loss) from continuing operations before income tax</b>							<b>521</b>
Income tax (expense) benefit							(81)
<b>Profit (loss) from continuing operations</b>							<b>440</b>

<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>570</b>	<b>402</b>	<b>135</b>	<b>197</b>	<b>52</b>	<b>(134)</b>	<b>1,222</b>
Depreciation and amortization from continuing operations	86	205	257	59	66	1	674
<b>Earnings before interest, tax, depreciation and</b>	<b>656</b>	<b>607</b>	<b>392</b>	<b>256</b>	<b>118</b>	<b>(133)</b>	<b>1,896</b>

amortization ("EBITDA") from continuing operations							
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For the year ended December 31, 2017

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations	656	607	392	256	118	(133)	1,896
Included in EBITDA:							
Asset impairment charges, net of reversals	—	36	7	—	2	—	45
Non-cash pension expense, net of settlement gain	—	—	—	—	—	58	58
Operational process engineering- related consultancy costs	3	12	—	—	—	—	15
Related party management fee	—	—	—	—	—	31	31
Restructuring costs, net of reversals	5	8	4	2	4	—	23
Unrealized (gain) loss on derivatives	(4)	2	—	1	1	—	—
Other	—	12	(6)	(1)	6	(1)	10
Adjusted EBITDA from continuing operations	660	677	397	258	131	(45)	2,078
Segment assets (excluding intercompany balances)	4,122	4,743	4,430	1,163	1,147	1,077	16,682
Included in segment assets are:							
Additions to property, plant and equipment	55	104	136	63	31	3	392

Additions to intangible assets	2	2	4	3	—	1	12
<b>Segment liabilities (excluding intercompany balances)</b>	<b>596</b>	<b>881</b>	<b>814</b>	<b>386</b>	<b>255</b>	<b>12,098</b>	<b>15,030</b>

For the year ended December 31, 2016

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Total external revenue	2,790	3,254	2,223	1,467	912	—	10,646
Total inter-segment revenue	146	494	—	113	16	(769)	—
<b>Total segment revenue</b>	<b>2,936</b>	<b>3,748</b>	<b>2,223</b>	<b>1,580</b>	<b>928</b>	<b>(769)</b>	<b>10,646</b>
Gross profit	873	691	335	315	173	—	2,387
Expenses and other income	(307)	(333)	(202)	(88)	(108)	(204)	(1,242)
<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>566</b>	<b>358</b>	<b>133</b>	<b>227</b>	<b>65</b>	<b>(204)</b>	<b>1,145</b>
Financial income							169
Financial expenses							(1,042)
<b>Profit (loss) from continuing operations before income tax</b>							<b>272</b>
Income tax (expense) benefit							(105)
<b>Profit (loss) from continuing operations</b>							<b>167</b>

<b>Earnings before interest and tax ("EBIT") from continuing operations</b>	<b>566</b>	<b>358</b>	<b>133</b>	<b>227</b>	<b>65</b>	<b>(204)</b>	<b>1,145</b>
Depreciation and amortization from continuing operations	92	223	269	57	65	1	707
<b>Earnings before interest, tax, depreciation</b>	<b>658</b>	<b>581</b>	<b>402</b>	<b>284</b>	<b>130</b>	<b>(203)</b>	<b>1,852</b>

and amortization ("EBITDA") from continuing operations							
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For the year ended December 31, 2016

(In \$ million)	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Evergreen	Closures	Corporate / Unallocated	Total
Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations	658	581	402	284	130	(203)	1,852
Included in EBITDA:							
Asset impairment charges, net of reversals	—	28	11	—	6	—	45
Non-cash change in multi-employer pension plan withdrawal liability	—	(1)	—	(10)	—	—	(11)
Non-cash pension expense	—	—	—	—	—	124	124
Operational process engineering- related consultancy costs	—	21	—	—	—	—	21
Related party management fee	—	—	—	—	—	40	40
Restructuring costs, net of reversals	—	31	12	1	5	—	49
Unrealized (gain) loss on derivatives	(8)	(7)	—	(3)	(2)	—	(20)
Other	—	9	(4)	(2)	(1)	1	3
<b>Adjusted EBITDA from continuing operations</b>	<b>650</b>	<b>662</b>	<b>421</b>	<b>270</b>	<b>138</b>	<b>(38)</b>	<b>2,103</b>

[Schedule of segments by  
geographic area](#)

The Group's revenue from external customers from continuing operations and information about its segment assets (total non-current assets excluding financial instruments, non-current receivables and deferred tax assets) by geographic origin are detailed below. In presenting information on a geographic basis, revenue and assets have been reported based on the location of the business operations.

(In \$ million)	United States	Remaining North American Region	Asia	Europe	South America	Other	Total
<b>Total external revenue</b>							
<b>For the year ended December 31, 2018</b>							
Reynolds Consumer Products	3,081	61	2	—	—	—	<b>3,144</b>
Pactiv Foodservice	3,396	354	27	1	—	—	<b>3,778</b>
Graham Packaging	1,787	105	5	136	54	—	<b>2,087</b>
Evergreen	1,401	35	167	—	—	—	<b>1,603</b>
Closures	414	82	160	113	82	10	<b>861</b>
Corporate / unallocated*	(793)	(19)	—	(1)	—	—	<b>(813)</b>
<b>Total revenue for 2018</b>	<b>9,286</b>	<b>618</b>	<b>361</b>	<b>249</b>	<b>136</b>	<b>10</b>	<b>10,660</b>
<b>For the year ended December 31, 2017</b>							
Reynolds Consumer Products	2,865	92	2	—	—	—	<b>2,959</b>
Pactiv Foodservice	3,299	345	28	57	—	—	<b>3,729</b>
Graham Packaging	1,790	116	29	155	57	—	<b>2,147</b>
Evergreen	1,371	36	155	—	—	—	<b>1,562</b>
Closures	370	81	238	107	95	10	<b>901</b>
Corporate / unallocated*	(733)	(38)	(3)	—	—	—	<b>(774)</b>
<b>Total revenue for 2017</b>	<b>8,962</b>	<b>632</b>	<b>449</b>	<b>319</b>	<b>152</b>	<b>10</b>	<b>10,524</b>
<b>For the year ended December 31, 2016</b>							
Reynolds Consumer Products	2,844	90	2	—	—	—	<b>2,936</b>
Pactiv Foodservice	3,287	321	30	110	—	—	<b>3,748</b>
Graham Packaging	1,838	123	44	161	57	—	<b>2,223</b>
Evergreen	1,393	39	148	—	—	—	<b>1,580</b>
Closures	373	84	241	112	107	11	<b>928</b>
Corporate / unallocated*	(729)	(37)	(3)	—	—	—	<b>(769)</b>
<b>Total revenue for 2016</b>	<b>9,006</b>	<b>620</b>	<b>462</b>	<b>383</b>	<b>164</b>	<b>11</b>	<b>10,646</b>
<b>Non-current assets</b>							
As of December 31, 2018	11,664	266	176	159	57	23	<b>12,345</b>
As of December 31, 2017	11,861	279	179	213	79	74	<b>12,685</b>

\* Corporate/unallocated includes eliminations of transactions between segments.

[Summary of net sales by major product line](#) Supplemental information on net sales by major product line for continuing operations is set forth below:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Reynolds Consumer Products</b>			
Waste and storage products	1,227	1,157	1,166
Cooking products	1,160	1,071	1,060
Tableware	757	731	710
<b>Pactiv Foodservice</b>			
Foodservice Packaging	3,778	3,729	3,748

<b>Graham Packaging</b>			
Food and beverage plastic containers	1,443	1,487	1,541
All other plastic containers	644	660	682
<b>Evergreen</b>			
Carton packaging	799	774	809
Liquid packaging board	438	453	414
Paper products	366	335	357
<b>Closures</b>			
Caps and closures	861	901	928
<b>Corporate / unallocated*</b>			
Inter-segment eliminations	(813)	(774)	(769)
<b>Total Revenue</b>	<b>10,660</b>	<b>10,524</b>	<b>10,646</b>

\* Corporate/unallocated includes eliminations of transactions between segments.



**Net other income (expenses)**  
**(Tables)**

**12 Months Ended**  
**Dec. 31, 2018**

[Disclosure of other operating income \(expense\) \[Abstract\]](#)

[Schedule of net other income \(expenses\)](#)

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Asset impairment charges, net of reversals	(240)	(45)	(45)
Gain (loss) on sale or disposal of businesses and non-current assets	8	(11)	(4)
Net foreign currency exchange gains (losses)	(2)	(2)	(10)
Related party management fee (refer to note 20)	(28)	(31)	(40)
Unrealized gain (loss) on derivatives (refer to note 19)	(22)	—	18
Other	5	11	9
<b>Net other income (expenses)</b>	<b>(279)</b>	<b>(78)</b>	<b>(72)</b>

**Financial income and  
expenses (Tables)**

**12 Months Ended  
Dec. 31, 2018**

[Analysis of income and  
expense \[abstract\]](#)

[Schedule of financial income  
and expenses](#)

**Financial income and expenses**

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Interest income	5	3	5
Interest income on related party loans (refer to note 20)	17	17	17
Net gain in fair value of derivatives	—	29	134
Net foreign currency exchange gain	24	—	13
<b>Financial income</b>	<b>46</b>	<b>49</b>	<b>169</b>
Interest expense:			
Securitization Facility	(16)	(13)	(9)
Credit Agreement	(166)	(146)	(119)
Reynolds Notes:			
7.125% Senior Secured Notes due 2019	—	—	(26)
7.875% Senior Secured Notes due 2019	—	—	(27)
5.750% Senior Secured Notes due 2020	(180)	(186)	(186)
6.875% Senior Secured Notes due 2021	(26)	(44)	(65)
Floating Rate Senior Secured Notes due 2021	(35)	(35)	(16)
5.125% Senior Secured Notes due 2023	(82)	(82)	(41)
8.500% Senior Notes due 2018	—	—	(28)
9.000% Senior Notes due 2019	—	—	(28)
9.875% Senior Notes due 2019	—	—	(83)
8.250% Senior Notes due 2021	—	(4)	(75)
7.000% Senior Notes due 2024	(56)	(56)	(29)
2013 Notes:			
5.625% Senior Notes due 2016	—	—	(30)
6.000% Senior Subordinated Notes due 2017	—	—	(18)
Pactiv Notes:			
8.125% Debentures due 2017	—	(11)	(24)
6.400% Notes due 2018	—	(1)	(1)
7.950% Debentures due 2025	(22)	(22)	(22)
8.375% Debentures due 2027	(17)	(17)	(17)
Amortization of:			
Transaction costs	(16)	(17)	(28)
Fair value adjustment of acquired notes	(1)	1	2
Embedded derivatives	6	7	8
Net loss in fair value of derivatives	(245)	—	—
Net foreign currency exchange loss	—	(44)	—
Loss on extinguishment of debt <sup>(a)(b)(c)</sup>	(3)	(67)	(168)
Other	(6)	(13)	(12)
<b>Financial expenses</b>	<b>(865)</b>	<b>(750)</b>	<b>(1,042)</b>
<b>Net financial income (expenses)</b>	<b>(819)</b>	<b>(701)</b>	<b>(873)</b>

- (a) The 2018 loss on extinguishment of debt included \$3 million of redemption premiums related to the repayment of the 6.875% Senior Secured Notes due 2021.
- (b) The 2017 loss on extinguishment of debt included \$56 million related to the write-off of unamortized transaction costs and embedded derivatives arising from the repurchase of the 8.250% Senior Notes, the Credit Agreement refinancing and the Securitization Facility refinancing as well as \$11 million of redemption premiums related to the repurchase of the 8.250% Senior Notes and 5.750% Senior Secured Notes due 2020.
- (c) The 2016 loss on extinguishment of debt included \$125 million of redemption premiums and tender fees related to the repurchase of certain senior secured notes and senior notes using the proceeds from the issuance of the 5.125% Senior Secured Notes due 2023, the Floating Rate Senior Secured Notes due 2021 and the 7.000% Senior Notes due 2024, available cash and additional borrowings under the previous Securitization Facility. Also included is \$43 million related to the write-off of unamortized transaction costs and embedded derivatives arising from the repurchase of these notes.

## Income tax (Tables)

12 Months Ended  
Dec. 31, 2018

### [Income Taxes \[Abstract\]](#) [Schedule of income tax \(expense\) benefit](#)

#### Income tax

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Current tax (expense) benefit</b>			
Current year	(128)	(201)	(123)
Adjustments for prior years	(2)	2	(1)
	<b>(130)</b>	<b>(199)</b>	<b>(124)</b>
<b>Deferred tax (expense) benefit</b>			
Origination and reversal of temporary differences	83	100	16
Recognition of previously unrecognized tax losses and temporary differences	—	24	—
Adjustments for prior years	7	(6)	3
	<b>90</b>	<b>118</b>	<b>19</b>
<b>Income tax (expense) benefit</b>	<b>(40)</b>	<b>(81)</b>	<b>(105)</b>

#### Reconciliation of income tax expense

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
<b>Profit (loss) from continuing operations before income tax</b>	<b>35</b>	<b>521</b>	<b>272</b>
Income tax using the New Zealand tax rate of 28%	(10)	(146)	(76)
Effect of tax rates in foreign jurisdictions	(16)	(57)	(21)
Non-deductible expenses and permanent differences	(17)	(30)	(14)
Tax exempt income and income at a reduced tax rate	6	9	2
Goodwill impairment	(28)	—	—
Currency translation (gain) loss	(1)	25	11
Domestic manufacturing deduction	—	13	13
Withholding tax	(6)	(10)	(5)
Withholding tax related to prior periods	(7)	—	—
Deemed mandatory repatriation	—	(5)	—
Tax rate modifications	15	339	—
Write-off of previously recognized deferred tax assets	—	(228)	—
Recognition of deferred tax asset for previously unrecognized tax losses	—	24	—
Change in unrecognized tax losses and temporary differences	5	(21)	(15)
Tax on unremitted earnings	(2)	9	(1)
Tax uncertainties	12	(4)	1
Over (under) provided in prior periods	5	(4)	2
Other	4	5	(2)
<b>Total income tax (expense) benefit</b>	<b>(40)</b>	<b>(81)</b>	<b>(105)</b>

### [Reconciliation of income tax expense](#)

### [Schedule of deferred tax assets and liabilities](#)

#### Movement in recognized deferred tax assets and liabilities

(In \$ million)	Property, plant and equipment	Intangible assets	Employee benefits	Tax loss carry-forwards	Interest	Other items	Net deferred
							tax assets (liabilities)

Balance as of January 1, 2017	(99)	(556)	(1,711)	492	97	562	141	(1,074)
Recognized in profit or loss	26	197	612	(214)	(12)	(450)	(41)	118
Recognized in equity	—	—	—	(20)	—	—	(5)	(25)
Other	—	(1)	(3)	—	—	—	3	(1)
<b>Balance as of December 31, 2017</b>	<b>(73)</b>	<b>(360)</b>	<b>(1,102)</b>	<b>258</b>	<b>85</b>	<b>112</b>	<b>98</b>	<b>(982)</b>
Recognized in profit or loss	73	(15)	48	20	(18)	9	(27)	90
Recognized in equity	—	—	—	(10)	—	—	3	(7)
Other	—	(1)	2	1	(2)	—	5	5
<b>Balance as of December 31, 2018</b>	<b>—</b>	<b>(376)</b>	<b>(1,052)</b>	<b>269</b>	<b>65</b>	<b>121</b>	<b>79</b>	<b>(894)</b>

(In \$ million)	As of December 31,	
	2018	2017
Included in the statement of financial position as:		
Deferred tax assets - non-current	28	32
Deferred tax liabilities - non-current	(922)	(1,014)
<b>Total recognized net deferred tax liabilities</b>	<b>(894)</b>	<b>(982)</b>
<b>Unrecognized deferred taxes</b>		

(In \$ million)	As of December 31,	
	2018	2017
Deductible (taxable) temporary differences	284	239
Tax losses	294	344
<b>Total unrecognized deferred tax assets</b>	<b>578</b>	<b>583</b>

**Trade and other receivables,  
net (Tables)**

[Trade and other receivables \[abstract\]](#)

[Trade and other receivables, net](#)

[Summary of aging trade receivables, net of provision for impairment](#)

**12 Months Ended  
Dec. 31, 2018**

**Trade and other receivables, net**

(In \$ million)	As of December 31,	
	2018	2017
Trade receivables	1,046	1,067
Provision for impairment	(6)	(8)
<b>Total trade receivables, net of provision for impairment</b>	<b>1,040</b>	<b>1,059</b>
Related party receivables (refer to note 20)	13	8
Other receivables	68	69
<b>Total current trade and other receivables, net</b>	<b>1,121</b>	<b>1,136</b>
Related party receivables (refer to note 20)	328	329
Other receivables	20	23
<b>Total non-current receivables</b>	<b>348</b>	<b>352</b>

**Aging of trade receivables, net of provision for impairment**

(In \$ million)	As of December 31,	
	2018	2017
Current	962	954
Past due 1 to 30 days	59	73
Past due 31 to 60 days	9	13
Past due 61 to 90 days	4	8
Past due more than 90 days	6	11
<b>Balance at the end of the year</b>	<b>1,040</b>	<b>1,059</b>

## Inventories (Tables)

**12 Months Ended  
Dec. 31, 2018**

[Inventories \[Abstract\]](#)  
[Schedule of inventories](#)

### Inventories

(In \$ million)	As of December 31,	
	2018	2017
Raw materials and consumables	463	424
Work in progress	133	145
Finished goods	720	717
Engineering and maintenance materials	123	99
Provision against inventories	(28)	(15)
<b>Total inventories</b>	<b><u>1,411</u></b>	<b><u>1,370</u></b>

Property, plant and  
equipment (Tables)

[Property, plant and equipment \[abstract\]](#)  
[Summary of property, plant and equipment](#)

12 Months Ended  
Dec. 31, 2018

Property, plant and equipment

(In \$ million)	Land	Buildings and improvements	Plant and equipment	Capital work in progress	Finance leased assets	Total
<b>As of December 31, 2018</b>						
Cost	163	932	5,190	416	29	6,730
Accumulated depreciation	—	(474)	(3,158)	—	(14)	(3,646)
Accumulated impairment losses	—	(2)	(61)	—	—	(63)
<b>Carrying amount as of December 31, 2018</b>	<b>163</b>	<b>456</b>	<b>1,971</b>	<b>416</b>	<b>15</b>	<b>3,021</b>
<b>As of December 31, 2017</b>						
Cost	170	903	4,931	300	28	6,332
Accumulated depreciation	—	(431)	(2,916)	—	(12)	(3,359)
Accumulated impairment losses	—	—	(50)	—	—	(50)
<b>Carrying amount as of December 31, 2017</b>	<b>170</b>	<b>472</b>	<b>1,965</b>	<b>300</b>	<b>16</b>	<b>2,923</b>
Carrying amount as of January 1, 2018	170	472	1,965	300	16	2,923
Additions	—	—	—	564	1	565
Capitalization of borrowing costs	—	—	—	7	—	7
Disposals	—	—	(3)	—	—	(3)
Depreciation for the year	—	(50)	(370)	—	(2)	(422)
Impairment losses, net of reversals	—	(3)	(28)	—	—	(31)
Other transfers	(6)	39	417	(454)	—	(4)
Effect of movements in exchange rates	(1)	(2)	(10)	(1)	—	(14)
<b>Carrying amount as of December 31, 2018</b>	<b>163</b>	<b>456</b>	<b>1,971</b>	<b>416</b>	<b>15</b>	<b>3,021</b>
Carrying amount as of January 1, 2017	168	498	2,100	226	18	3,010



Additions	—	2	—	390	—	392
Capitalization of borrowing costs	—	—	—	3	—	3
Disposals	—	—	(10)	—	—	(10)
Depreciation for the year	—	(50)	(367)	—	(2)	(419)
Impairment losses, net of reversals	—	—	(9)	(1)	—	(10)
Other transfers	(1)	18	235	(320)	—	(68)
Effect of movements in exchange rates	3	4	16	2	—	25

**Carrying amount as of December 31, 2017**

**170      472      1,965      300      16      2,923**

Schedule of depreciation expense recognized in components of statements of comprehensive income

Depreciation expense related to property, plant and equipment is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	412	411	436
General and administration expenses	10	8	9
<b>Total depreciation expense</b>	<b>422</b>	<b>419</b>	<b>445</b>

## Intangible assets (Tables)

**12 Months Ended  
Dec. 31, 2018**

### [Intangible Assets \[Abstract\]](#)

### [Summary of intangible assets including goodwill](#)

#### Intangible assets

(In \$ million)	Goodwill	Trademarks	Customer relationships	Technology & software	Other	Total
<b>As of December 31, 2018</b>						
Cost	5,456	1,764	3,299	891	103	11,513
Accumulated amortization	—	(87)	(1,344)	(622)	(27)	(2,080)
Accumulated impairment losses	(206)	—	—	—	(5)	(211)
<b>Carrying amount as of December 31, 2018</b>	<b>5,250</b>	<b>1,677</b>	<b>1,955</b>	<b>269</b>	<b>71</b>	<b>9,222</b>
<b>As of December 31, 2017</b>						
Cost	5,465	1,763	3,321	883	102	11,534
Accumulated amortization	—	(83)	(1,189)	(573)	(24)	(1,869)
Accumulated impairment losses	—	—	—	—	(6)	(6)
<b>Carrying amount as of December 31, 2017</b>	<b>5,465</b>	<b>1,680</b>	<b>2,132</b>	<b>310</b>	<b>72</b>	<b>9,659</b>
Carrying amount as of January 1, 2018	5,465	1,680	2,132	310	72	9,659
Additions	—	—	—	20	2	22
Disposals	(3)	—	(3)	—	—	(6)
Amortization for the year	—	(3)	(166)	(61)	(3)	(233)
Impairment losses	(206)	—	—	—	—	(206)
Effect of movements in exchange rates	(6)	—	(8)	—	—	(14)
<b>Carrying amount as of December 31, 2018</b>	<b>5,250</b>	<b>1,677</b>	<b>1,955</b>	<b>269</b>	<b>71</b>	<b>9,222</b>
Carrying amount as of January 1, 2017	5,431	1,684	2,322	385	80	9,902
Additions	—	—	—	10	2	12
Disposals	(1)	—	—	(4)	—	(5)
Amortization for the year	—	(4)	(168)	(80)	(3)	(255)
Impairment losses	—	—	—	—	(5)	(5)

Transfers to assets held for sale	19	—	(42)	—	(2)	(25)
Other transfers	—	—	—	(1)	—	(1)
Effect of movements in exchange rates	16	—	20	—	—	36
<b>Carrying amount as of December 31, 2017</b>	<b>5,465</b>	<b>1,680</b>	<b>2,132</b>	<b>310</b>	<b>72</b>	<b>9,659</b>

### [Schedule of amortization expense related to intangible assets](#)

Amortization expense related to intangible assets is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	42	42	41
General and administration expenses	191	213	221
<b>Total amortization expense</b>	<b>233</b>	<b>255</b>	<b>262</b>

### [Summary of carrying amounts of goodwill and indefinite life intangible assets](#)

The aggregate carrying amounts of goodwill and indefinite life intangible assets allocated to each segment for purposes of impairment testing are as follows:

(In \$ million)	As of December 31,					
	2018			2017		
	Goodwill	Trademarks	Other	Goodwill	Trademarks	Other
Reynolds Consumer Products	1,913	850	—	1,913	850	—
Pactiv Foodservice	1,696	526	59	1,697	526	59
Graham Packaging	1,200	251	—	1,412	251	—
Evergreen	67	34	—	67	34	—
Closures	374	—	—	376	—	—
<b>Total</b>	<b>5,250</b>	<b>1,661</b>	<b>59</b>	<b>5,465</b>	<b>1,661</b>	<b>59</b>

**Trade and other payables  
(Tables)**

**12 Months Ended  
Dec. 31, 2018**

[Subclassifications of assets, liabilities and equities  
\[abstract\]](#)

[Schedule of trade and other payables](#)

**Trade and other payables**

(In \$ million)	As of December 31,	
	2018	2017
Trade payables	701	646
Accrued interest	125	132
Related party payables (refer to note 20)	33	33
Other payables and accrued expenses	304	305
<b>Total current trade and other payables</b>	<b>1,163</b>	<b>1,116</b>
<b>Non-current payables</b>	<b>45</b>	<b>45</b>

## Borrowings (Tables)

12 Months Ended  
Dec. 31, 2018

### [Financial Instruments](#)

#### [\[Abstract\]](#)

#### [Disclosure of detailed information about borrowings](#)

#### Reconciliation of liabilities arising from financing activities

(In \$ million)	Principal borrowings	Transaction costs	Total
Carrying amount as of January 1, 2018	11,440	(51)	11,389
Cash flows	(352)	—	(352)
Capitalization of borrowing costs	—	—	—
Effects of movements in exchange rates	(12)	—	(12)
Other	—	10	10
<b>Carrying amount as of December 31, 2018</b>	<b>11,076</b>	<b>(41)</b>	<b>11,035</b>
Carrying amount as of January 1, 2017	12,179	(108)	12,071
Cash flows	(773)	—	(773)
Capitalization of borrowing costs	—	(10)	(10)
Effects of movements in exchange rates	34	—	34
Other	—	67	67
<b>Carrying amount as of December 31, 2017</b>	<b>11,440</b>	<b>(51)</b>	<b>11,389</b>

The Group's borrowings as of December 31, 2018 issued by Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (New Zealand) Limited (together, the "Reynolds Notes Issuers") are summarized below:

	Maturity date	Interest payment dates
5.750% Senior Secured Notes due 2020	October 15, 2020	April 15 and October 15
6.875% Senior Secured Notes due 2021	February 15, 2021	February 15 and August 15
Floating Rate Senior Secured Notes due 2021 <sup>(1)</sup>	July 15, 2021	January 15, April 15, July 15 and October 15
5.125% Senior Secured Notes due 2023 <sup>(2)</sup>	July 15, 2023	January 15 and July 15; commencing January 15, 2017
7.000% Senior Notes due 2024	July 15, 2024	January 15 and July 15; commencing January 15, 2017

(1) The Floating Rate Senior Secured Notes due 2021 were issued at an issue price of 99.000% and have an interest rate equal to the three-month Dollar LIBOR plus 3.500% reset quarterly. In July 2016, the Group entered into an interest rate swap agreement to mitigate the interest rate risk exposure of the Floating Rate Senior Secured Notes due 2021. While the Group has elected not to adopt hedge accounting, the economic effect of this derivative is that the effective interest rate on the Floating Rate Senior Secured Notes due 2021 is 4.670% from October 15, 2016.

(2) \$250 million aggregate principal amount of 5.125% Senior Secured Notes due 2023 were issued at an issue price of 103.500%.

The Credit Agreement comprises the following term and revolving tranches:

	Currency	Maturity date	Facility value (in million)	Value drawn or utilized as of December 31, 2018 (in million)	Applicable interest rate as of December 31, 2018
<b>Term Tranches</b>					
U.S. Term Loans	\$	February 5, 2023	3,315	3,248	LIBOR (floor of 0.000%) + 2.750%
European Term Loans	€	February 5, 2023	249	244	EURIBOR (floor of 0.000%) + 3.250%
<b>Revolving Tranche<sup>(1)</sup></b>					
U.S. Revolving Loans	\$	August 5, 2021	302	58	—

(1) The Revolving Tranche was utilized in the form of bank guarantees and letters of credit.  
The Group's borrowings are detailed below:

(In \$ million)	As of December 31,	
	2018	2017
Securitization Facility	420	420
Credit Agreement	3,528	3,576
Reynolds Notes:		
Reynolds Senior Secured Notes:		
5.750% Senior Secured Notes due 2020	3,137	3,137
6.875% Senior Secured Notes due 2021	345	645
Floating Rate Senior Secured Notes due 2021	750	750
5.125% Senior Secured Notes due 2023	1,600	1,600
Reynolds Senior Notes:		
7.000% Senior Notes due 2024	800	800
Pactiv Notes:		
6.400% Notes due 2018	—	16
7.950% Debentures due 2025	276	276
8.375% Debentures due 2027	200	200
Other borrowings	20	20
<b>Total principal amount of borrowings</b>	<b>11,076</b>	<b>11,440</b>
Transaction costs	(59)	(77)
Embedded derivatives	23	32
Original issue discounts, net of premiums	(5)	(6)
<b>Carrying value</b>	<b>11,035</b>	<b>11,389</b>
Current borrowings	455	470
Non-current borrowings	10,580	10,919
<b>Total borrowings</b>	<b>11,035</b>	<b>11,389</b>

As of December 31, 2018, the Group had outstanding the following debentures (together, the "Pactiv Notes") issued by Pactiv LLC:

	Maturity date	Semi-annual interest payment dates
7.950% Debentures due 2025	December 15, 2025	June 15 and December 15
8.375% Debentures due 2027	April 15, 2027	April 15 and October 15

## Employee benefits (Tables)

12 Months Ended  
Dec. 31, 2018

### [Disclosure of employee benefits](#)

#### [\[Abstract\]](#)

### [Disclosure of defined benefit plans](#)

#### Summary of employee benefits liabilities

(In \$ million)	As of December 31,	
	2018	2017
Salaries and wages accrued	122	149
Provision for annual leave	33	40
Provision for other employee benefits	52	53
Provision for exit from multi-employer pension plans	64	70
Defined benefit obligations:		
Pension benefits	854	840
Post-employment medical benefits	94	106
<b>Total employee benefits liabilities</b>	<b>1,219</b>	<b>1,258</b>
Current	178	213
Non-current	1,041	1,045
<b>Total employee benefits liabilities</b>	<b>1,219</b>	<b>1,258</b>

#### Actuarial assumptions — all plans

	For the year ended December 31,		
	2018	2017	2016
Discount rates at December 31	0.5% - 9.6%	0.6% - 8.0%	0.6% - 8.0%
Future salary increases	0.0% - 6.2%	0.0% - 7.0%	0.0% - 7.0%
Future pension increases	0.0% - 1.8%	0.0% - 3.7%	0.0% - 3.7%

#### Movement in defined benefit pension obligations

(In \$ million)	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2018	2017	2018	2017	2018	2017
Balance as of January 1	4,830	5,076	(3,990)	(4,091)	840	985
Included in profit or loss:						
Current service cost	9	9	—	—	9	9
Interest cost (income)	168	198	(139)	(160)	29	38
Administrative expenses	—	—	33	35	33	35
Settlement (gain)	—	(7)	—	—	—	(7)
<b>Total expense (income) recognized in profit or loss</b>	<b>177</b>	<b>200</b>	<b>(106)</b>	<b>(125)</b>	<b>71</b>	<b>75</b>
Remeasurement (gains) losses:						
Actuarial (gains) losses arising from:						
Demographic assumptions	(1)	(10)	—	—	(1)	(10)
Financial assumptions	(302)	265	—	—	(302)	265
Return on plan assets, excluding interest income	—	—	283	(429)	283	(429)
<b>Total remeasurement (gains) losses</b>	<b>(303)</b>	<b>255</b>	<b>283</b>	<b>(429)</b>	<b>(20)</b>	<b>(174)</b>

Other movements:

### [Schedule of changes in obligations](#)

Contributions by the Group	—	—	(25)	(33)	(25)	(33)
Benefits paid by the plans	(299)	(691)	299	691	—	—
Business disposals	(42)	(15)	29	—	(13)	(15)
Effect of movements in exchange rates	—	5	1	(3)	1	2
<b>Total other movements</b>	<b>(341)</b>	<b>(701)</b>	<b>304</b>	<b>655</b>	<b>(37)</b>	<b>(46)</b>
<b>Balance as of December 31</b>	<b>4,363</b>	<b>4,830</b>	<b>(3,509)</b>	<b>(3,990)</b>	<b>854</b>	<b>840</b>

Comprised of:

Pactiv Retirement Plan	4,234	4,646	(3,439)	(3,882)	795	764
Other plans	129	184	(70)	(108)	59	76
<b>Balance as of December 31</b>	<b>4,363</b>	<b>4,830</b>	<b>(3,509)</b>	<b>(3,990)</b>	<b>854</b>	<b>840</b>

Comprised of:

Funded plans					814	796
Unfunded plans					40	44
<b>Total net pension benefits liability</b>					<b>854</b>	<b>840</b>

Included in the statements of financial position as:

Employee benefits liabilities					854	840
<b>Total net pension benefits liability</b>					<b>854</b>	<b>840</b>

#### Movement in the post-employment medical obligations

(In \$ million)	For the year ended December 31,	
	2018	2017
Liability for post-employment medical obligations as of the beginning of the year	106	105
Included in profit or loss:		
Current service cost	1	1
Interest cost	4	4
<b>Total expense recognized in profit or loss</b>	<b>5</b>	<b>5</b>
Remeasurement (gains) losses:		
Actuarial (gains) losses from changes in demographic assumptions	(4)	(6)
Actuarial (gains) losses from changes in financial assumptions	(7)	8
<b>Total remeasurement (gains) losses</b>	<b>(11)</b>	<b>2</b>
Other movements:		
Benefits paid by the plans	(6)	(6)
<b>Total other movements</b>	<b>(6)</b>	<b>(6)</b>
<b>Liability for post-employment medical obligations as of the end of the year</b>	<b>94</b>	<b>106</b>

The expense is recognized in the following components in the statements of comprehensive income:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Cost of sales	13	14	14
General and administration expenses	58	61	127
<b>Total plan net expense</b>	<b>71</b>	<b>75</b>	<b>141</b>

#### Schedule of expenses recognized in the statement of comprehensive income



## [Schedule of plan assets](#)

Plan assets consist of the following:

(In \$ million)	As of December 31,	
	2018	2017
Equity instruments	2,149	2,802
Debt instruments	658	616
Property	429	403
Other	273	169
<b>Total plan assets</b>	<b>3,509</b>	<b>3,990</b>

## [Summary of effects of a one-half percentage point change](#)

Assumed health care cost trend rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one percentage point change in assumed health care cost trend rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	—	—
Increase (decrease) in the post-employment medical obligations	2	(2)

Discount rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one-half percentage point change in discount rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	—	—
Increase (decrease) in the post-employment medical obligations	(5)	5

A one-half percentage point change in assumed discount rates would have the following effects:

(In \$ million)	Increase in rates	Decrease in rates
Increase (decrease) in the net plan expense	(6)	5
Increase (decrease) in the defined benefit obligation	(205)	224

## Provisions (Tables)

[Disclosure of other provisions, contingent liabilities and contingent assets \[Abstract\]](#)  
[Summary of provisions](#)

12 Months Ended  
Dec. 31, 2018

### Provisions

(In \$ million)	Asset retirement obligations	Restructuring	Workers' compensation	Other	Total
<b>Balance as of December 31, 2017</b>	<b>44</b>	<b>19</b>	<b>42</b>	<b>23</b>	<b>128</b>
Provisions made	—	16	13	10	39
Provisions used	—	(16)	(15)	(6)	(37)
Provisions reversed	—	(5)	(1)	(1)	(7)
Other	1	—	(2)	1	—
<b>Balance as of December 31, 2018</b>	<b>45</b>	<b>14</b>	<b>37</b>	<b>27</b>	<b>123</b>
Current	5	11	11	16	43
Non-current	40	3	26	11	80
<b>Total provisions as of December 31, 2018</b>	<b>45</b>	<b>14</b>	<b>37</b>	<b>27</b>	<b>123</b>
Current	2	13	13	11	39
Non-current	42	6	29	12	89
<b>Total provisions as of December 31, 2017</b>	<b>44</b>	<b>19</b>	<b>42</b>	<b>23</b>	<b>128</b>

## Equity (Tables)

## 12 Months Ended Dec. 31, 2018

[Equity \[abstract\]](#)

[Summary of issued capital](#)

Further information regarding Reynolds Group Holdings Limited's issued capital is detailed below:

Number of shares	For the year ended December 31,		
	2018	2017	2016
Balance at the beginning of the year	71,500,004	71,500,004	71,500,004
Changes in shares	—	—	—
<b>Balance at the end of the year</b>	<b>71,500,004</b>	<b>71,500,004</b>	<b>71,500,004</b>

**Financial risk management  
(Tables)**

**12 Months Ended  
Dec. 31, 2018**

**[Financial Instruments \[Abstract\]](#)**

**[Schedule of outstanding foreign currency derivative contracts and interest rate risk repricing profile](#)**

The following table provides the detail of outstanding commodity derivative contracts as of December 31, 2018:

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
High density polyethylene swaps	pound	9,600,000	\$0.85 - \$0.85	Jan 2019 - Dec 2019
Aluminum swaps	metric tonne	34,711	\$1,925.00 - \$2,499.50	Jan 2019 - Dec 2019
Aluminum Midwest Premium swaps	metric tonne	4,126	\$403.45 - \$407.85	Jan 2019 - Dec 2019
Natural gas swaps	million BTU	3,508,032	\$2.58 - \$3.14	Jan 2019 - Dec 2019
Ethylene	pound	2,730,973	\$0.29 - \$0.29	Jan 2019 - Apr 2019
Polymer-grade propylene swaps	pound	29,590,584	\$0.44 - \$0.61	Jan 2019 - Jun 2019
Benzene swaps	U.S. liquid gallon	9,826,568	\$2.24 - \$3.07	Feb 2019 - Sep 2019
Diesel swaps	U.S. liquid gallon	5,020,626	\$2.88 - \$3.42	Jan 2019 - Dec 2019
Low-density polyethylene swaps	pound	18,000,000	\$0.85 - \$0.93	Jan 2019 - Dec 2019

The following table sets out the Group's interest rate risk repricing profile:

(In \$ million)	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2018</b>					
<b>Fixed rate instruments</b>					
Borrowings	(6,377)	(2)	(3,488)	(1,604)	(1,283)
<b>Total fixed rate instruments</b>	<b>(6,377)</b>	<b>(2)</b>	<b>(3,488)</b>	<b>(1,604)</b>	<b>(1,283)</b>
<b>Floating rate instruments</b>					
Cash and cash equivalents	783	783	—	—	—
Related party receivables	328	328	—	—	—
Borrowings	(4,699)	(4,699)	—	—	—
<b>Total floating rate instruments</b>	<b>(3,588)</b>	<b>(3,588)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(9,965)</b>	<b>(3,590)</b>	<b>(3,488)</b>	<b>(1,604)</b>	<b>(1,283)</b>

(In \$ million)	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2017</b>					
<b>Fixed rate instruments</b>					
Borrowings	(6,694)	(19)	(3,141)	(650)	(2,884)
<b>Total fixed rate instruments</b>	<b>(6,694)</b>	<b>(19)</b>	<b>(3,141)</b>	<b>(650)</b>	<b>(2,884)</b>
<b>Floating rate instruments</b>					
Cash and cash equivalents	617	617	—	—	—

Related party receivables	329	329	—	—	—
Borrowings	(4,746)	(4,746)	—	—	—
<b>Total floating rate instruments</b>	<b>(3,800)</b>	<b>(3,800)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(10,494)</b>	<b>(3,819)</b>	<b>(3,141)</b>	<b>(650)</b>	<b>(2,884)</b>

## Schedule of contractual cash flows for non-derivative financial liabilities

The following table sets out contractual cash flows for all financial liabilities including commodity and foreign currency derivatives:

(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2018</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,163)	(1,015)	(1,015)	—	—	—
Borrowings, including interest	(11,035)	(14,302)	(1,118)	(5,459)	(6,281)	(1,444)
	<b>(12,198)</b>	<b>(15,317)</b>	<b>(2,133)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	—	8	8	—	—	—
Outflows	(17)	(25)	(25)	—	—	—
	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,215)</b>	<b>(15,334)</b>	<b>(2,150)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>

(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2017</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,116)	(984)	(984)	—	—	—
Borrowings, including interest	(11,389)	(14,253)	(1,069)	(4,394)	(2,172)	(6,618)
	<b>(12,505)</b>	<b>(15,237)</b>	<b>(2,053)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	5	7	7	—	—	—
Outflows	—	(2)	(2)	—	—	—
	<b>5</b>	<b>5</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,500)</b>	<b>(15,232)</b>	<b>(2,048)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>

## Schedule of contractual cash flows for derivative financial assets (liabilities)

The following table sets out contractual cash flows for all financial liabilities including commodity and foreign currency derivatives:

(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2018</b>						

**Non-derivative  
financial liabilities**

Trade and other payables	(1,163)	(1,015)	(1,015)	—	—	—
Borrowings, including interest	(11,035)	(14,302)	(1,118)	(5,459)	(6,281)	(1,444)
	<b>(12,198)</b>	<b>(15,317)</b>	<b>(2,133)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>

**Derivative financial  
assets (liabilities)**

Commodity and foreign currency derivatives:						
Inflows	—	8	8	—	—	—
Outflows	(17)	(25)	(25)	—	—	—
	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,215)</b>	<b>(15,334)</b>	<b>(2,150)</b>	<b>(5,459)</b>	<b>(6,281)</b>	<b>(1,444)</b>

(In \$ million)	Carrying amount	Total	Less than one year	One to three years	Three to five years	Greater than five years
<b>As of December 31, 2017</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	(1,116)	(984)	(984)	—	—	—
Borrowings, including interest	(11,389)	(14,253)	(1,069)	(4,394)	(2,172)	(6,618)
	<b>(12,505)</b>	<b>(15,237)</b>	<b>(2,053)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>
<b>Derivative financial assets (liabilities)</b>						
Commodity and foreign currency derivatives:						
Inflows	5	7	7	—	—	—
Outflows	—	(2)	(2)	—	—	—
	<b>5</b>	<b>5</b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>(12,500)</b>	<b>(15,232)</b>	<b>(2,048)</b>	<b>(4,394)</b>	<b>(2,172)</b>	<b>(6,618)</b>

[Classification and fair value summary of financial liabilities](#)
**Classification and fair values**

(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2018</b>					
<b>Assets</b>					
Cash and cash equivalents	—	783	—	783	783
Current and non-current receivables	—	1,469	—	1,469	1,469
Derivative financial assets:					
Commodity derivatives	1	—	—	1	1
Interest rate swap derivatives	28	—	—	28	28
Embedded derivatives	12	—	—	12	12
<b>Total assets</b>	<b>41</b>	<b>2,252</b>	<b>—</b>	<b>2,293</b>	<b>2,293</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,163)	(1,163)	(1,163)

Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(18)	—	—	(18)	(18)
Borrowings	—	—	(11,035)	(11,035)	(10,933)
<b>Total liabilities</b>	<b>(18)</b>	<b>—</b>	<b>(12,243)</b>	<b>(12,261)</b>	<b>(12,159)</b>

(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2017</b>					
<b>Assets</b>					
Cash and cash equivalents	—	617	—	617	617
Current and non-current receivables	—	1,488	—	1,488	1,488
Derivative financial assets:					
Commodity derivatives	7	—	—	7	7
Interest rate swap derivatives	26	—	—	26	26
Embedded derivatives	259	—	—	259	259
<b>Total assets</b>	<b>292</b>	<b>2,105</b>	<b>—</b>	<b>2,397</b>	<b>2,397</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,116)	(1,116)	(1,116)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(2)	—	—	(2)	(2)
Borrowings	—	—	(11,389)	(11,389)	(11,696)
<b>Total liabilities</b>	<b>(2)</b>	<b>—</b>	<b>(12,550)</b>	<b>(12,552)</b>	<b>(12,859)</b>

## Classification and fair value summary of financial assets

### Classification and fair values

(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2018</b>					
<b>Assets</b>					
Cash and cash equivalents	—	783	—	783	783
Current and non-current receivables	—	1,469	—	1,469	1,469
Derivative financial assets:					
Commodity derivatives	1	—	—	1	1
Interest rate swap derivatives	28	—	—	28	28
Embedded derivatives	12	—	—	12	12
<b>Total assets</b>	<b>41</b>	<b>2,252</b>	<b>—</b>	<b>2,293</b>	<b>2,293</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,163)	(1,163)	(1,163)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(18)	—	—	(18)	(18)

Borrowings	—	—	(11,035)	(11,035)	(10,933)
<b>Total liabilities</b>	<b>(18)</b>	<b>—</b>	<b>(12,243)</b>	<b>(12,261)</b>	<b>(12,159)</b>

(In \$ million)	Fair value through profit or loss	Cash, loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>As of December 31, 2017</b>					
<b>Assets</b>					
Cash and cash equivalents	—	617	—	617	617
Current and non-current receivables	—	1,488	—	1,488	1,488
Derivative financial assets:					
Commodity derivatives	7	—	—	7	7
Interest rate swap derivatives	26	—	—	26	26
Embedded derivatives	259	—	—	259	259
<b>Total assets</b>	<b>292</b>	<b>2,105</b>	<b>—</b>	<b>2,397</b>	<b>2,397</b>
<b>Liabilities</b>					
Trade and other payables	—	—	(1,116)	(1,116)	(1,116)
Non-current payables	—	—	(45)	(45)	(45)
Derivative financial liabilities:					
Commodity derivatives	(2)	—	—	(2)	(2)
Borrowings	—	—	(11,389)	(11,389)	(11,696)
<b>Total liabilities</b>	<b>(2)</b>	<b>—</b>	<b>(12,550)</b>	<b>(12,552)</b>	<b>(12,859)</b>

### [Disclosure of financial assets through profit or loss](#)

The following table sets out an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value and are grouped into levels based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(In \$ million)	Level 1	Level 2	Level 3	Total
<b>As of December 31, 2018</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	(17)	—	(17)
Interest rate swap derivatives, net	—	28	—	28
Embedded derivatives	—	12	—	12
<b>Total</b>	<b>—</b>	<b>23</b>	<b>—</b>	<b>23</b>

<b>As of December 31, 2017</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	5	—	5



[Disclosure of financial liabilities through profit or loss](#)

Foreign currency derivatives, net	—	—	—	—
Interest rate swap derivatives, net	—	26	—	26
Embedded derivatives	—	259	—	259
<b>Total</b>	<b>—</b>	<b>290</b>	<b>—</b>	<b>290</b>

(In \$ million)	Level 1	Level 2	Level 3	Total
<b>As of December 31, 2018</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	(17)	—	(17)
Interest rate swap derivatives, net	—	28	—	28
Embedded derivatives	—	12	—	12
<b>Total</b>	<b>—</b>	<b>23</b>	<b>—</b>	<b>23</b>

<b>As of December 31, 2017</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Derivative financial assets (liabilities):				
Commodity derivatives, net	—	5	—	5
Foreign currency derivatives, net	—	—	—	—
Interest rate swap derivatives, net	—	26	—	26
Embedded derivatives	—	259	—	259
<b>Total</b>	<b>—</b>	<b>290</b>	<b>—</b>	<b>290</b>

## Related parties (Tables)

## 12 Months Ended Dec. 31, 2018

### [Related Party \[Abstract\]](#) [Schedule of related party transactions](#)

Key management personnel compensation was comprised of:

(In \$ million)	For the year ended December 31,		
	2018	2017	2016
Short-term employee benefits	13	15	17
Long-term employee benefits	3	3	4
<b>Total compensation expense to key management personnel</b>	<b>16</b>	<b>18</b>	<b>21</b>

The entities and types of transactions with which the Group entered into related party transactions during the years are detailed below. All related parties detailed below have a common ultimate shareholder, except for the joint ventures.

(In \$ million)	Transaction value for the year ended December 31,			Balance outstanding as of December 31,	
	2018	2017	2016	2018	2017
<b>Balances and transactions with immediate and ultimate parent entities</b>					
Included in trade and other payables				—	—
Tax loss transfer	—	—	(16)		
<b>Balances and transactions with joint ventures</b>					
Included in trade and other receivables, net				12	8
Sale of goods and services <sup>(a)</sup>	28	22	24		
<b>Balances and transactions with Rank Group Limited</b>					
Included in related party and other non-current receivables <sup>(b)(e)</sup>				328	329
Interest income	17	17	17		
Included in trade and other payables <sup>(e)</sup>				(32)	(31)
Recharges <sup>(c)</sup>	(1)	(5)	(7)		
Management fee <sup>(d)</sup>	(28)	(31)	(47)		
Tax loss transfer	(3)	(1)	(4)		
<b>Balances and transactions with Rank Group North America, Inc.</b>					
Included in trade and other receivables, net				—	—
Recharges	2	1	4		
Included in trade and other payables				—	—
Recharges <sup>(c)</sup>	(17)	(16)	(15)		
<b>Balances and transactions with other related parties</b>					
Included in trade and other receivables, net				1	—
Recharges	5	5	3		
Included in trade and other payables				(1)	(1)

(a) All transactions with joint ventures are settled in cash. Sales of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) The loan receivable from Rank Group Limited accrues interest at a rate based on the average 90-day New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. Interest is only charged or accrued if demanded by the Company. During the year ended December 31, 2018, interest was charged at 5.16% to 5.26% (2017: 5.16% to 5.25%; 2016: 5.31% to 5.78%). The loan is unsecured and repayable on demand. However, advances and interest are currently subordinated on terms such that, unless otherwise permitted, no payments can be made until the obligations under a senior secured credit facility of Rank Group Limited are repaid in full.

- (c) Represents certain costs paid by Rank Group Limited or Rank Group North America, Inc. on behalf of the Group that were subsequently recharged to the Group. These charges are for various costs incurred including services provided, financing and other activities. All amounts are unsecured, non-interest bearing and settled on normal trade terms.
- (d) The Group's financing agreements permit the payment to related parties of management, consulting, monitoring and advising fees (the "Management Fee") of up to 1.5% of the Group's Adjusted EBITDA (as defined in the financing agreements) for the previous year. During the year ended December 31, 2016, the Group entered into a services agreement with Rank Group Limited. Rank Group Limited charged the Group a Management Fee of \$31 million during the year ended December 31, 2018 in relation to the 2017 financial year. During the years ended December 31, 2017 and 2016, Rank Group Limited charged the Group a Management Fee of \$31 million and \$30 million in relation to the 2016 and 2015 financial years, respectively. Also during the year ended December 31, 2017, Rank Group Limited charged the Group a Management Fee of \$15 million in relation to the 2009 and 2010 financial years, of which \$8 million was included in continuing operations with the remainder included in discontinued operations. In addition, the Group has accrued \$28 million in 2018 in respect of an expected management fee related to the 2018 financial year.
- (e) In August 2017, Rank Group Limited repaid \$24 million of the related party loan receivable balance and the Group, by way of a payment direction, repaid \$23 million of outstanding related party trade payable balances due to Rank Group Limited and \$1 million of outstanding related party borrowings due to the Company's ultimate parent.

## Group entities (Tables)

**12 Months Ended  
Dec. 31, 2018**

### [Interests In Other Entities](#)

#### [\[Abstract\]](#)

#### [Group entities](#)

#### Group entities

	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest (%)
			2018	2017	2018
Alusud Argentina S.R.L.	Dec-31	Argentina	100	100	100
Graham Packaging Argentina S.R.L.	Dec-31	Argentina	100	100	100
Gulf Closures W.L.L. <sup>(a)</sup>	Dec-31	Bahrain	49	49	49
Graham Packaging Belgium BVBA	Dec-31	Belgium	100	100	100
Graham Packaging Lummen BVBA	Dec-31	Belgium	100	100	100
Closure Systems International (Brazil) Sistemas de Vedacao Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging do Brasil Indústria e Comércio Ltda.	Dec-31	Brazil	100	100	100
Graham Packaging Paraná Ltda. <sup>(b)</sup>	Dec-31	Brazil	—	100	—
Resin Rio Comercio Ltda. <sup>(b)</sup>	Dec-31	Brazil	—	100	—
CSI Latin American Holdings Corporation	Dec-31	British Virgin Islands	100	100	100
Evergreen Packaging Canada Limited	Dec-31	Canada	100	100	100
Graham Packaging Canada Company	Dec-31	Canada	100	100	100
Pactiv Canada Inc.	Dec-31	Canada	100	100	100
Reynolds Consumer Products Canada Inc.	Dec-31	Canada	100	100	100
Alusud Embalajes Chile Ltda.	Dec-31	Chile	100	100	100
Closure Systems International (Guangzhou) Limited <sup>(c)</sup>	Dec-31	China	—	100	—
CSI Closure Systems (Hangzhou) Co., Ltd.	Dec-31	China	100	100	100
CSI Closure Systems (Tianjin) Co., Ltd. <sup>(c)</sup>	Dec-31	China	—	100	—
Evergreen Packaging (Shanghai) Co., Ltd.	Dec-31	China	100	100	100
Graham Packaging (Guangzhou) Co., Ltd. <sup>(c)</sup>	Dec-31	China	—	100	—
Graham Packaging (Taizhou) Co., Ltd.	Dec-31	China	100	100	100
Reynolds Metals (Shanghai) Ltd.	Dec-31	China	100	100	100
Techne Machineries Foshan Ltd (in liquidation) <sup>(d)</sup>	Dec-31	China	100	100	100
Zhejiang Zhongbao Pactiv Packaging Co., Ltd.	Dec-31	China	62.5	62.5	62.5
Alusud Embalajes Colombia Ltda.	Dec-31	Colombia	100	100	100
Closure Systems International (Colombia Trade) S.A.S.	Dec-31	Colombia	100	100	100
CSI Closure Systems Manufacturing de Centro America, Sociedad de Responsabilidad Limitada	Dec-31	Costa Rica	100	100	100
Closure Systems International (Egypt) LLC	Dec-31	Egypt	100	100	100
Evergreen Packaging de El Salvador, S.A. de C.V.	Dec-31	El Salvador	100	100	100
Graham Packaging Company Oy	Dec-31	Finland	100	100	100
Graham Packaging Europe S.N.C.	Dec-31	France	100	100	100

Graham Packaging France S.A.S.	Dec-31	France	100	100	100
Graham Packaging Normandy S.A.R.L.	Dec-31	France	100	100	100
Graham Packaging Villecomtal S.A.R.L.	Dec-31	France	100	100	100
Closure Systems International Machinery (Germany) GmbH	Dec-31	Germany	100	100	100
Pactiv Deutschland Holdinggesellschaft mbH	Dec-31	Germany	100	100	100
Pactiv-Omni Germany Holdings GmbH <sup>(b)</sup>	Dec-31	Germany	—	100	—
Closure Investment Holdings (Hong Kong) Limited <sup>(e)</sup>	Dec-31	Hong Kong	100	100	100
GP Asia Limited <sup>(f)</sup>	Dec-31	Hong Kong	100	100	100
Roots Investment Holding Private Limited <sup>(c)</sup>	Dec-31	Hong Kong	—	100	—
Technegen International Limited	Dec-31	Hong Kong	100	100	100
CSI Hungary Manufacturing and Trading Limited Liability Company	Dec-31	Hungary	100	100	100
Closure Systems International (I) Private Limited <sup>(c)</sup>	Mar-31	India	—	100	—
PT. Graham Packaging Indonesia	Dec-31	Indonesia	100	100	100
Closure Systems International Japan, Limited	Dec-31	Japan	100	100	100
Closure Systems International (Korea), Ltd. <sup>(c)</sup>	Dec-31	Korea	—	100	—
Evergreen Packaging Korea Limited	Dec-31	Korea	100	100	100
Graham Packaging European Holdings (Luxembourg) S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) I S.à r.l.	Dec-31	Luxembourg	100	100	100
Graham Packaging European Holdings (Luxembourg) II S.à r.l.	Dec-31	Luxembourg	100	100	100
CSI en Ensenada, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI en Saltillo, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI Tecniservicio, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Graham Packaging Plastic Products de Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Grupo Corporativo Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Grupo CSI de México, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Innovación y Asesoría en Plástico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Foodservice Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Pactiv Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicio Terrestre Jaguar, S.A. de C.V. <sup>(b)</sup>	Dec-31	Mexico	—	100	—
Servicios Graham Packaging, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicios Industriales Jaguar, S.A. de C.V.	Dec-31	Mexico	100	100	100
Servicios Integrales de Operación, S.A. de C.V.	Dec-31	Mexico	100	100	100
Closure Systems International Nepal Private Limited <sup>(c)</sup>	Jul-16	Nepal	—	100	—
Graham Packaging Holdings B.V.	Dec-31	Netherlands	100	100	100
Graham Packaging Zoetermeer B.V.	Dec-31	Netherlands	100	100	100
Beverage Packaging (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Factoring Trust <sup>(g)</sup>	Dec-31	New Zealand	—	—	—
Beverage Packaging Holdings I Limited	Dec-31	New Zealand	100	100	100

Beverage Packaging Holdings III Limited	Dec-31	New Zealand	100	100	100
Beverage Packaging Holdings V Limited	Dec-31	New Zealand	100	100	100
Closure Systems International Limited	Dec-31	New Zealand	100	100	100
Evergreen Packaging International Limited	Dec-31	New Zealand	100	100	100
Reynolds Group Issuer (New Zealand) Limited	Dec-31	New Zealand	100	100	100
Reynolds Packaging I Limited <sup>(h)</sup>	Dec-31	New Zealand	100	—	100
Reynolds Packaging International Limited	Dec-31	New Zealand	100	100	100
Alusud Peru S.A.	Dec-31	Peru	100	100	100
Closure Systems International (Philippines), Inc. <sup>(c)</sup>	Dec-31	Philippines	—	100	—
Graham Packaging Poland Sp. z o.o.	Dec-31	Poland	100	100	100
CSI Vostok Limited Liability Company (in liquidation) <sup>(d)</sup>	Dec-31	Russia	100	100	100
Pactiv Asia Pte Ltd	Dec-31	Singapore	100	100	100
Closure Systems International España, S.L.U.	Dec-31	Spain	100	100	100
Closure Systems International Holdings (Spain), S.A.U. <sup>(b)</sup>	Dec-31	Spain	—	100	—
Graham Packaging Iberica S.L.	Dec-31	Spain	100	100	100
Reynolds Food Packaging Spain, S.L.U. <sup>(c)</sup>	Dec-31	Spain	—	100	—
Evergreen Packaging (Taiwan) Co., Ltd.	Dec-31	Taiwan	100	100	100
Closure Systems International Plastik İthalat İhracat Sanayi Ve Ticaret Limited Sirketi	Dec-31	Turkey	100	100	100
Graham Packaging European Services Limited	Dec-31	United Kingdom	100	100	100
Graham Packaging Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Ivex Holdings, Ltd. <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Ivex Plastics Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Kama Europe Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Pactiv (Films) Limited <sup>(c)</sup>	Dec-31	United Kingdom	—	100	—
Baker's Choice Products, Inc. <sup>(b)</sup>	Dec-31	U.S.A.	—	100	—
BCP/Graham Holdings LLC	Dec-31	U.S.A.	100	100	100
Blue Ridge Holding LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
Blue Ridge Paper Products LLC <sup>(i)</sup>	Dec-31	U.S.A.	100	100	100
BRPP, LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Americas, Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Holdings LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Packaging Machinery Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems Mexico Holdings LLC	Dec-31	U.S.A.	100	100	100
Coast-Packaging Company (California General Partnership) <sup>(a)</sup>	Dec-31	U.S.A.	50	50	50
CSI Mexico LLC	Dec-31	U.S.A.	100	100	100

CSI Sales & Technical Services Inc.	Dec-31	U.S.A.	100	100	100
Evergreen Packaging LLC <sup>(k)</sup>	Dec-31	U.S.A.	100	100	100
GEC Packaging Technologies LLC	Dec-31	U.S.A.	100	100	100
GPC Opco GP LLC	Dec-31	U.S.A.	100	100	100
GPC Sub GP LLC	Dec-31	U.S.A.	100	100	100
GPC US LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Europe LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Company Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Company, L.P.	Dec-31	U.S.A.	100	100	100
Graham Packaging Holdings Company	Dec-31	U.S.A.	100	100	100
Graham Packaging International Plastics Products Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Latin America, LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging Leasing USA LLC	Dec-31	U.S.A.	100	100	100
Graham Packaging PET Technologies Inc.	Dec-31	U.S.A.	100	100	100
Graham Packaging Plastic Products LLC	Dec 31	U.S.A.	100	100	100
Graham Packaging PX Company	Dec-31	U.S.A.	100	100	100
Graham Packaging PX Holding Corporation	Dec-31	U.S.A.	100	100	100
Graham Packaging PX, LLC	Dec-31	U.S.A.	100	100	100
Pactiv International Holdings Inc. <sup>(b)</sup>	Dec-31	U.S.A.	—	100	—
Pactiv LLC	Dec-31	U.S.A.	100	100	100
Pactiv Management Company LLC	Dec-31	U.S.A.	100	100	100
Pactiv Packaging Inc.	Dec-31	U.S.A.	100	100	100
PCA West Inc.	Dec-31	U.S.A.	100	100	100
RenPac Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products Holdings LLC	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products LLC	Dec-31	U.S.A.	100	100	100
Reynolds Group Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer LLC	Dec-31	U.S.A.	100	100	100
Reynolds Manufacturing, Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Presto Products Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Services Inc.	Dec-31	U.S.A.	100	100	100
Southern Plastics Inc.	Dec-31	U.S.A.	100	100	100
Trans Western Polymers, Inc.	Dec-31	U.S.A.	100	100	100

- (a) The Group has the control and it has the power to govern the financial and operating policies of the entity.
- (b) Merged during the year with another entity in the Group.
- (c) Sold during the year.
- (d) In voluntary liquidation.
- (e) Name changed during the year from Closure Systems International (Hong Kong) Limited.
- (f) Name changed during the year from Graham Packaging Asia Limited.
- (g) Included as a group entity on the basis that Beverage Packaging Holdings I Limited is the manager and beneficiary of this entity.
- (h) Incorporated during the year.
- (i) Name changed during the year from Blue Ridge Holding Corp.
- (j) Name changed during the year from Blue Ridge Paper Products Inc.
- (k) Name changed during the year from Evergreen Packaging Inc.

## Operating leases (Tables)

**12 Months Ended  
Dec. 31, 2018**

### [Disclosure of leases \[Abstract\]](#)

### [Schedule of non-cancellable operating lease rental payables](#)

Non-cancellable operating lease rentals are payable as follows:

(In \$ million)	As of December 31,	
	2018	2017
Less than one year	104	110
Between 1 and 5 years	229	244
More than 5 years	50	63
<b>Total</b>	<b>383</b>	<b>417</b>



Condensed consolidating  
guarantor financial  
information (Tables)

12 Months Ended  
Dec. 31, 2018

[Disclosure of separate  
financial statements](#)

[\[Abstract\]](#)

[Condensed financial  
statements](#)

Condensed consolidating statement of comprehensive income

(In \$ million)	For the year ended December 31, 2018					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
Revenue	—	—	9,682	1,202	(224)	10,660
Cost of sales	—	—	(7,769)	(1,021)	224	(8,566)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>1,913</b>	<b>181</b>	<b>—</b>	<b>2,094</b>
Net other income (expenses) and share of equity method earnings, net of income tax	(17)	—	(278)	(24)	40	(279)
Selling, marketing and distribution expenses	—	—	(239)	(25)	—	(264)
General and administration expenses	—	—	(637)	(60)	—	(697)
<b>Profit (loss) from operating activities</b>	<b>(17)</b>	<b>—</b>	<b>759</b>	<b>72</b>	<b>40</b>	<b>854</b>
Financial income	17	499	74	61	(605)	46
Financial expenses	(7)	(647)	(778)	(38)	605	(865)
<b>Net financial income (expenses)</b>	<b>10</b>	<b>(148)</b>	<b>(704)</b>	<b>23</b>	<b>—</b>	<b>(819)</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>(7)</b>	<b>(148)</b>	<b>55</b>	<b>95</b>	<b>40</b>	<b>35</b>
Income tax (expense) benefit	—	38	(49)	(29)	—	(40)
<b>Profit (loss) from continuing operations</b>	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>
Profit (loss) from discontinued operations, net of income tax	—	—	—	—	—	—
<b>Profit (loss) for the year</b>	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>
Total other comprehensive income (loss), net of income tax	(18)	—	(5)	(8)	13	(18)
<b>Total comprehensive income (loss) for the year</b>	<b>(25)</b>	<b>(110)</b>	<b>1</b>	<b>58</b>	<b>53</b>	<b>(23)</b>
<b>Profit (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	(7)	(110)	6	64	40	(7)
Equity holder of the Group - discontinued operations	—	—	—	—	—	—
Non-controlling interests	—	—	—	2	—	2
	<b>(7)</b>	<b>(110)</b>	<b>6</b>	<b>66</b>	<b>40</b>	<b>(5)</b>

**Total comprehensive income (loss) attributable to:**

Equity holder of the Group - continuing operations	(25)	(110)	1	56	53	(25)
Equity holder of the Group - discontinued operations	—	—	—	—	—	—
Non-controlling interests	—	—	—	2	—	2
	<u>(25)</u>	<u>(110)</u>	<u>1</u>	<u>58</u>	<u>53</u>	<u>(23)</u>

**Condensed consolidating statement of financial position**

As of December 31, 2018						
(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
<b>Assets</b>						
Cash and cash equivalents	—	—	663	120	—	783
Trade and other receivables, net	—	—	98	1,023	—	1,121
Inventories	—	—	1,270	141	—	1,411
Inter-group receivables	—	985	28	1	(1,014)	—
Assets held for sale	—	—	5	—	—	5
Other assets	—	11	80	17	—	108
<b>Total current assets</b>	<b>—</b>	<b>996</b>	<b>2,144</b>	<b>1,302</b>	<b>(1,014)</b>	<b>3,428</b>
Investments in subsidiaries	1,408	—	895	—	(2,303)	—
Property, plant and equipment	—	—	2,714	307	—	3,021
Intangible assets	—	—	8,921	301	—	9,222
Inter-group receivables	8	6,301	1,795	245	(8,349)	—
Other assets	328	29	109	41	—	507
<b>Total non-current assets</b>	<b>1,744</b>	<b>6,330</b>	<b>14,434</b>	<b>894</b>	<b>(10,652)</b>	<b>12,750</b>
<b>Total assets</b>	<b>1,744</b>	<b>7,326</b>	<b>16,578</b>	<b>2,196</b>	<b>(11,666)</b>	<b>16,178</b>
<b>Liabilities</b>						
Trade and other payables	33	119	832	179	—	1,163
Borrowings	—	—	36	419	—	455
Inter-group payables	—	13	985	16	(1,014)	—
Other liabilities	3	—	234	29	—	266
<b>Total current liabilities</b>	<b>36</b>	<b>132</b>	<b>2,087</b>	<b>643</b>	<b>(1,014)</b>	<b>1,884</b>
Borrowings	—	6,604	3,976	—	—	10,580
Inter-group liabilities	91	490	7,094	674	(8,349)	—
Other liabilities	—	6	2,013	69	—	2,088
<b>Total non-current liabilities</b>	<b>91</b>	<b>7,100</b>	<b>13,083</b>	<b>743</b>	<b>(8,349)</b>	<b>12,668</b>
<b>Total liabilities</b>	<b>127</b>	<b>7,232</b>	<b>15,170</b>	<b>1,386</b>	<b>(9,363)</b>	<b>14,552</b>
<b>Net assets</b>	<b>1,617</b>	<b>94</b>	<b>1,408</b>	<b>810</b>	<b>(2,303)</b>	<b>1,626</b>
<b>Equity</b>						
Equity attributable to equity holder of the Group	1,617	94	1,408	801	(2,303)	1,617
Non-controlling interests	—	—	—	9	—	9
<b>Total equity</b>	<b>1,617</b>	<b>94</b>	<b>1,408</b>	<b>810</b>	<b>(2,303)</b>	<b>1,626</b>

Condensed consolidating statement of cash flows

For the year ended December 31, 2018						
(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
<b>Net cash from (used in) operating activities</b>	<b>(23)</b>	<b>(396)</b>	<b>1,107</b>	<b>26</b>	<b>236</b>	<b>950</b>
<b>Cash flows from (used in) investing activities</b>						
Acquisition of property, plant and equipment and intangible assets	—	—	(538)	(47)	—	(585)
Proceeds from sale of property, plant and equipment and other assets	—	—	20	1	—	21
Disposal of businesses, net of cash disposed	—	—	119	(1)	—	118
Net related party (advances) repayments	—	482	(19)	(28)	(435)	—
Related party interest received	—	214	22	—	(236)	—
Other	—	—	4	2	—	6
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>696</b>	<b>(392)</b>	<b>(73)</b>	<b>(671)</b>	<b>(440)</b>
<b>Cash flows from (used in) financing activities</b>						
Repayment of borrowings	—	(300)	(52)	—	—	(352)
Net related party borrowings (repayments)	23	—	(454)	(4)	435	—
Other	—	—	(3)	(2)	—	(5)
<b>Net cash from (used in) financing activities</b>	<b>23</b>	<b>(300)</b>	<b>(509)</b>	<b>(6)</b>	<b>435</b>	<b>(357)</b>

Condensed consolidating statement of comprehensive income

For the year ended December 31, 2017						
(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non- guarantor entities	Adjustments and eliminations	Consolidated
Revenue	—	—	9,368	1,352	(196)	10,524
Cost of sales	—	—	(7,259)	(1,139)	196	(8,202)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>2,109</b>	<b>213</b>	<b>—</b>	<b>2,322</b>
Net other income (expenses) and share of equity method earnings, net of income tax	425	—	176	(69)	(610)	(78)
Selling, marketing and distribution expenses	—	—	(247)	(30)	—	(277)
General and administration expenses	—	—	(681)	(64)	—	(745)
<b>Profit (loss) from operating activities</b>	<b>425</b>	<b>—</b>	<b>1,357</b>	<b>50</b>	<b>(610)</b>	<b>1,222</b>
Financial income	17	567	26	65	(626)	49
Financial expenses	(2)	(423)	(904)	(47)	626	(750)
<b>Net financial income (expenses)</b>	<b>15</b>	<b>144</b>	<b>(878)</b>	<b>18</b>	<b>—</b>	<b>(701)</b>

<b>Profit (loss) from continuing operations before income tax</b>	<b>440</b>	<b>144</b>	<b>479</b>	<b>68</b>	<b>(610)</b>	<b>521</b>
Income tax (expense) benefit	(2)	(22)	(34)	(23)	—	(81)
<b>Profit (loss) from continuing operations</b>	<b>438</b>	<b>122</b>	<b>445</b>	<b>45</b>	<b>(610)</b>	<b>440</b>
Profit (loss) from discontinued operations, net of income tax	(1)	—	(1)	—	1	(1)
<b>Profit (loss) for the year</b>	<b>437</b>	<b>122</b>	<b>444</b>	<b>45</b>	<b>(609)</b>	<b>439</b>
Total other comprehensive income (loss), net of income tax	257	—	253	92	(345)	257
<b>Total comprehensive income (loss) for the year</b>	<b>694</b>	<b>122</b>	<b>697</b>	<b>137</b>	<b>(954)</b>	<b>696</b>

<b>Profit (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	438	122	445	43	(610)	438
Equity holder of the Group - discontinued operations	(1)	—	(1)	—	1	(1)
Non-controlling interests	—	—	—	2	—	2
	<b>437</b>	<b>122</b>	<b>444</b>	<b>45</b>	<b>(609)</b>	<b>439</b>

<b>Total comprehensive income (loss) attributable to:</b>						
Equity holder of the Group - continuing operations	695	122	698	135	(955)	695
Equity holder of the Group - discontinued operations	(1)	—	(1)	—	1	(1)
Non-controlling interests	—	—	—	2	—	2
	<b>694</b>	<b>122</b>	<b>697</b>	<b>137</b>	<b>(954)</b>	<b>696</b>

**Condensed consolidating statement of financial position**

<b>As of December 31, 2017</b>						
<b>(In \$ million)</b>	<b>Parent</b>	<b>Reynolds Notes Issuers</b>	<b>Other guarantor entities</b>	<b>Non-guarantor entities</b>	<b>Adjustments and eliminations</b>	<b>Consolidated</b>
<b>Assets</b>						
Cash and cash equivalents	—	—	457	160	—	617
Trade and other receivables, net	—	—	93	1,043	—	1,136
Inventories	—	—	1,225	145	—	1,370
Inter-group receivables	—	717	25	—	(742)	—
Assets held for sale	—	—	3	141	—	144
Other assets	—	4	43	18	—	65
<b>Total current assets</b>	<b>—</b>	<b>721</b>	<b>1,846</b>	<b>1,507</b>	<b>(742)</b>	<b>3,332</b>
Investments in subsidiaries	1,407	—	1,125	—	(2,532)	—
Property, plant and equipment	—	—	2,601	322	—	2,923
Intangible assets	—	—	9,306	353	—	9,659
Inter-group receivables	9	6,763	1,609	149	(8,530)	—
Other assets	330	282	114	42	—	768

<b>Total non-current assets</b>	<b>1,746</b>	<b>7,045</b>	<b>14,755</b>	<b>866</b>	<b>(11,062)</b>	<b>13,350</b>
<b>Total assets</b>	<b>1,746</b>	<b>7,766</b>	<b>16,601</b>	<b>2,373</b>	<b>(11,804)</b>	<b>16,682</b>
<b>Liabilities</b>						
Trade and other payables	33	125	786	172	—	1,116
Borrowings	—	—	52	418	—	470
Inter-group payables	—	4	718	20	(742)	—
Liabilities directly associated with assets held for sale	—	—	—	34	—	34
Other liabilities	6	—	257	35	—	298
<b>Total current liabilities</b>	<b>39</b>	<b>129</b>	<b>1,813</b>	<b>679</b>	<b>(742)</b>	<b>1,918</b>
Borrowings	—	6,897	4,022	—	—	10,919
Inter-group liabilities	65	490	7,304	671	(8,530)	—
Other liabilities	—	66	2,055	72	—	2,193
<b>Total non-current liabilities</b>	<b>65</b>	<b>7,453</b>	<b>13,381</b>	<b>743</b>	<b>(8,530)</b>	<b>13,112</b>
<b>Total liabilities</b>	<b>104</b>	<b>7,582</b>	<b>15,194</b>	<b>1,422</b>	<b>(9,272)</b>	<b>15,030</b>
<b>Net assets</b>	<b>1,642</b>	<b>184</b>	<b>1,407</b>	<b>951</b>	<b>(2,532)</b>	<b>1,652</b>
<b>Equity</b>						
Equity attributable to equity holder of the Group	1,642	184	1,407	941	(2,532)	1,642
Non-controlling interests	—	—	—	10	—	10
<b>Total equity</b>	<b>1,642</b>	<b>184</b>	<b>1,407</b>	<b>951</b>	<b>(2,532)</b>	<b>1,652</b>

**Condensed consolidating statement of cash flows**

For the year ended December 31, 2017						
(In \$ million)	Parent	Reynolds Notes Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
<b>Net cash from (used in) operating activities</b>	<b>(18)</b>	<b>(397)</b>	<b>1,245</b>	<b>(136)</b>	<b>146</b>	<b>840</b>

<b>Cash flows from (used in) investing activities</b>						
Acquisition of property, plant and equipment and intangible assets	—	—	(362)	(48)	—	(410)
Proceeds from sale of property, plant and equipment and other assets	—	—	5	—	—	5
Disposal of businesses, net of cash disposed	—	—	12	32	—	44
Net related party (advances) repayments	—	446	(413)	14	(47)	—
Related party interest received	—	131	15	—	(146)	—
Other	—	—	2	—	—	2
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>577</b>	<b>(741)</b>	<b>(2)</b>	<b>(193)</b>	<b>(359)</b>

<b>Cash flows from (used in) financing activities</b>						
Drawdown of borrowings	—	—	—	452	—	452
Repayment of borrowings	—	(445)	(336)	(440)	—	(1,221)

Net related party borrowings (repayments)	18	265	(459)	129	47	—
Payment of debt transaction costs	—	—	(6)	(4)	—	(10)
Other	—	—	(3)	(3)	—	(6)
<b>Net cash from (used in) financing activities</b>	<b>18</b>	<b>(180)</b>	<b>(804)</b>	<b>134</b>	<b>47</b>	<b>(785)</b>

**Condensed consolidating statement of comprehensive income**

(In \$ million)	For the year ended December 31, 2016					
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
Revenue	—	—	9,386	1,446	(186)	10,646
Cost of sales	—	—	(7,224)	(1,221)	186	(8,259)
<b>Gross profit</b>	<b>—</b>	<b>—</b>	<b>2,162</b>	<b>225</b>	<b>—</b>	<b>2,387</b>
Net other income (expenses) and share of equity method earnings, net of income tax	151	—	130	(64)	(289)	(72)
Selling, marketing and distribution expenses	—	—	(281)	(34)	—	(315)
General and administration expenses	—	—	(779)	(76)	—	(855)
<b>Profit (loss) from operating activities</b>	<b>151</b>	<b>—</b>	<b>1,232</b>	<b>51</b>	<b>(289)</b>	<b>1,145</b>
Financial income	17	813	29	58	(748)	169
Financial expenses	—	(724)	(1,041)	(25)	748	(1,042)
<b>Net financial income (expenses)</b>	<b>17</b>	<b>89</b>	<b>(1,012)</b>	<b>33</b>	<b>—</b>	<b>(873)</b>
<b>Profit (loss) from continuing operations before income tax</b>	<b>168</b>	<b>89</b>	<b>220</b>	<b>84</b>	<b>(289)</b>	<b>272</b>
Income tax (expense) benefit	(3)	(33)	(43)	(26)	—	(105)
<b>Profit (loss) from continuing operations</b>	<b>165</b>	<b>56</b>	<b>177</b>	<b>58</b>	<b>(289)</b>	<b>167</b>
Profit (loss) from discontinued operations, net of income tax	(6)	—	1	—	(1)	(6)
<b>Profit (loss) for the year</b>	<b>159</b>	<b>56</b>	<b>178</b>	<b>58</b>	<b>(290)</b>	<b>161</b>
Total other comprehensive income (loss), net of income tax	8	—	4	(85)	81	8
<b>Total comprehensive income (loss) for the year</b>	<b>167</b>	<b>56</b>	<b>182</b>	<b>(27)</b>	<b>(209)</b>	<b>169</b>

**Profit (loss) attributable to:**

Equity holder of the Group - continuing operations	165	56	177	56	(289)	165
Equity holder of the Group - discontinued operations	(6)	—	1	—	(1)	(6)
Non-controlling interests	—	—	—	2	—	2
	<b>159</b>	<b>56</b>	<b>178</b>	<b>58</b>	<b>(290)</b>	<b>161</b>

**Total comprehensive income (loss) attributable to:**

Equity holder of the Group - continuing operations	173	56	181	(29)	(208)	173
Equity holder of the Group - discontinued operations	(6)	—	1	—	(1)	(6)
Non-controlling interests	—	—	—	2	—	2
	<b>167</b>	<b>56</b>	<b>182</b>	<b>(27)</b>	<b>(209)</b>	<b>169</b>

#### Condensed consolidating statement of cash flows

(In \$ million)	For the year ended December 31, 2016					Consolidated
	Parent	Reynolds Notes Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	
<b>Net cash from (used in) operating activities</b>	<b>(46)</b>	<b>(727)</b>	<b>1,132</b>	<b>68</b>	<b>449</b>	<b>876</b>

#### Cash flows from (used in) investing activities

Acquisition of property, plant and equipment and intangible assets	—	—	(286)	(38)	—	(324)
Proceeds from sale of property, plant and equipment and other assets	—	—	10	3	—	13
Disposal of businesses, net of cash disposed	—	—	149	—	—	149
Net related party (advances) repayments	—	1,811	(38)	4	(1,777)	—
Related party interest received	—	450	4	—	(449)	5
<b>Net cash from (used in) investing activities</b>	<b>—</b>	<b>2,261</b>	<b>(161)</b>	<b>(31)</b>	<b>(2,226)</b>	<b>(157)</b>

#### Cash flows from (used in) financing activities

Drawdown of borrowings	—	3,152	1,348	206	—	4,706
Repayment of borrowings	—	(4,774)	(1,450)	(115)	—	(6,339)
Net related party borrowings (repayments)	45	122	(1,824)	(120)	1,777	—
Payment of debt transaction costs	—	(34)	(76)	—	—	(110)
Other	—	—	(5)	(1)	—	(6)
<b>Net cash from (used in) financing activities</b>	<b>45</b>	<b>(1,534)</b>	<b>(2,007)</b>	<b>(30)</b>	<b>1,777</b>	<b>(1,749)</b>

Significant accounting policies (Details) \$ in Millions	12 Months Ended			Jan. 01, 2019 USD (\$)
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	
<a href="#">Bottom of range   Scenario, Forecast</a>				
<a href="#">Disclosure of detailed information about property, plant and equipment [line items]</a>				
<a href="#">Right-of-use assets</a>				\$ 348
<a href="#">Lease liabilities</a>				348
<a href="#">Bottom of range   Trademarks</a>				
<a href="#">Disclosure of detailed information about property, plant and equipment [line items]</a>				
<a href="#">Useful lives or amortisation rates, intangible assets other than goodwill</a>	5 years			
<a href="#">Bottom of range   Customer relationships</a>				
<a href="#">Disclosure of detailed information about property, plant and equipment [line items]</a>				
<a href="#">Useful lives or amortisation rates, intangible assets other than goodwill</a>	6 years			
<a href="#">Bottom of range   Software/technology</a>				
<a href="#">Disclosure of detailed information about property, plant and equipment [line items]</a>				
<a href="#">Useful lives or amortisation rates, intangible assets other than goodwill</a>	3 years			
<a href="#">Bottom of range   Patents</a>				
<a href="#">Disclosure of detailed information about property, plant and equipment [line items]</a>				
<a href="#">Useful lives or amortisation rates, intangible assets other than goodwill</a>	5 years			
<a href="#">Bottom of range   Buildings</a>				
<a href="#">Disclosure of detailed information about property, plant and equipment [line items]</a>				
<a href="#">Useful lives or amortisation rates, intangible assets other than goodwill</a>	20 years			
<a href="#">Bottom of range   Plant and equipment</a>				
<a href="#">Disclosure of detailed information about property, plant and equipment [line items]</a>				
<a href="#">Useful lives or amortisation rates, intangible assets other than goodwill</a>	3 years			
<a href="#">Bottom of range   Furniture and fixtures</a>				
<a href="#">Disclosure of detailed information about property, plant and equipment [line items]</a>				
<a href="#">Useful lives or amortisation rates, intangible assets other than goodwill</a>	3 years			
<a href="#">Top of range   Scenario, Forecast</a>				



**Disclosure of detailed information about property, plant and equipment [line items]**

Right-of-use assets

426

Lease liabilities

\$ 426

Top of range | Trademarks

**Disclosure of detailed information about property, plant and equipment [line items]**

Useful lives or amortisation rates, intangible assets other than goodwill

15 years

Top of range | Customer relationships

**Disclosure of detailed information about property, plant and equipment [line items]**

Useful lives or amortisation rates, intangible assets other than goodwill

25 years

Top of range | Software/technology

**Disclosure of detailed information about property, plant and equipment [line items]**

Useful lives or amortisation rates, intangible assets other than goodwill

15 years

Top of range | Patents

**Disclosure of detailed information about property, plant and equipment [line items]**

Useful lives or amortisation rates, intangible assets other than goodwill

14 years

Top of range | Buildings

**Disclosure of detailed information about property, plant and equipment [line items]**

Useful lives or amortisation rates, intangible assets other than goodwill

50 years

Top of range | Plant and equipment

**Disclosure of detailed information about property, plant and equipment [line items]**

Useful lives or amortisation rates, intangible assets other than goodwill

25 years

Top of range | Furniture and fixtures

**Disclosure of detailed information about property, plant and equipment [line items]**

Useful lives or amortisation rates, intangible assets other than goodwill

20 years

1 €

**Disclosure of detailed information about property, plant and equipment [line items]**

Average foreign exchange rate

1.18

1.13

1.11

Closing foreign exchange rate

1.14

1.19

10 MXN

**Disclosure of detailed information about property, plant and equipment [line items]**

<u>Average foreign exchange rate</u>	0.52	0.53	0.54
<u>Closing foreign exchange rate</u>	0.51	0.51	
<u>1 NZ\$</u>			

**Disclosure of detailed information about property, plant and equipment [line items]**

<u>Average foreign exchange rate</u>	0.69	0.71	0.70
<u>Closing foreign exchange rate</u>	0.67	0.71	
<u>1 CA\$</u>			

**Disclosure of detailed information about property, plant and equipment [line items]**

<u>Average foreign exchange rate</u>	0.77	0.77	0.75
<u>Closing foreign exchange rate</u>	0.73	0.80	

**Segment reporting - Business  
segments (Details) - USD (\$)  
\$ in Millions**

**12 Months Ended  
Dec. 31,    Dec. 31,    Dec. 31,  
2018        2017        2016**

**Disclosure of operating segments [line items]**

<u>Total segment revenue</u>	\$ 10,660	\$ 10,524	\$ 10,646
<u>Gross profit</u>	2,094	2,322	2,387
<u>Expenses and other income</u>	(1,240)	(1,100)	(1,242)
<u>Profit from operating activities</u>	854	1,222	1,145
<u>Financial income</u>	46	49	169
<u>Financial expenses</u>	(865)	(750)	(1,042)
<u>Profit (loss) from continuing operations before income tax</u>	35	521	272
<u>Income tax (expense) benefit</u>	(40)	(81)	(105)
<u>Profit (loss) from continuing operations</u>	(5)	440	167
<u>Depreciation and amortization from continuing operations</u>	655	674	707
<u>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</u>	1,509	1,896	1,852

**Included in EBITDA:**

<u>Asset impairment charges, net of reversals</u>	240	45	45
<u>Non-cash change in multi-employer pension plan withdrawal liability</u>			(11)
<u>(Gain) loss on sale or disposal of businesses and non-current assets</u>	(8)		
<u>Non-cash pension expense</u>	56	58	124
<u>Operational process engineering-related consultancy costs</u>	14	15	21
<u>Related party management fee</u>	28	31	40
<u>Restructuring costs, net of reversals</u>	17	23	49
<u>Unrealized (gain) loss on derivatives</u>	22	0	(20)
<u>Other</u>	(6)	10	3
<u>Adjusted EBITDA from continuing operations</u>	1,872	2,078	2,103
<u>Segment assets (excluding intercompany balances)</u>	16,178	16,682	

**Included in segment assets are:**

<u>Additions to property, plant and equipment</u>	565	392	
<u>Additions to intangible assets</u>	22	12	
<u>Segment liabilities (excluding intercompany balances)</u>	14,552	15,030	

**Reynolds Consumer Products**

**Disclosure of operating segments [line items]**

<u>Total segment revenue</u>	3,144	2,959	2,936
<u>Pactiv Foodservice</u>			

**Disclosure of operating segments [line items]**

<u>Total segment revenue</u>	3,778	3,729	3,748
<u>Graham Packaging</u>			

**Disclosure of operating segments [line items]**

<u>Total segment revenue</u>	2,087	2,147	2,223
<u>Evergreen</u>			

**Disclosure of operating segments [line items]**

<u>Total segment revenue</u>	1,603	1,562	1,580
<u>Closures</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	861	901	928
<u>Business segments</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	10,660		
<u>Business segments   Reynolds Consumer Products</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	2,980	2,807	2,790
<u>Gross profit</u>	849	853	873
<u>Expenses and other income</u>	(289)	(283)	(307)
<u>Profit from operating activities</u>	560	570	566
<u>Depreciation and amortization from continuing operations</u>	83	86	92
<u>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</u>	643	656	658
<b><u>Included in EBITDA:</u></b>			
<u>Asset impairment charges, net of reversals</u>	0	0	0
<u>Non-cash change in multi-employer pension plan withdrawal liability</u>			0
<u>(Gain) loss on sale or disposal of businesses and non-current assets</u>	0		
<u>Non-cash pension expense</u>	0	0	0
<u>Operational process engineering-related consultancy costs</u>	0	3	0
<u>Related party management fee</u>	0	0	0
<u>Restructuring costs, net of reversals</u>	0	5	0
<u>Unrealized (gain) loss on derivatives</u>	14	(4)	(8)
<u>Other</u>	(5)	0	0
<u>Adjusted EBITDA from continuing operations</u>	652	660	650
<u>Segment assets (excluding intercompany balances)</u>	4,108	4,122	
<b><u>Included in segment assets are:</u></b>			
<u>Additions to property, plant and equipment</u>	82	55	
<u>Additions to intangible assets</u>	1	2	
<u>Segment liabilities (excluding intercompany balances)</u>	593	596	
<u>Business segments   Pactiv Foodservice</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	3,267	3,237	3,254
<u>Gross profit</u>	606	721	691
<u>Expenses and other income</u>	(293)	(319)	(333)
<u>Profit from operating activities</u>	313	402	358
<u>Depreciation and amortization from continuing operations</u>	204	205	223
<u>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</u>	517	607	581
<b><u>Included in EBITDA:</u></b>			
<u>Asset impairment charges, net of reversals</u>	7	36	28
<u>Non-cash change in multi-employer pension plan withdrawal liability</u>			(1)

<u>(Gain) loss on sale or disposal of businesses and non-current assets</u>	23		
<u>Non-cash pension expense</u>	0	0	0
<u>Operational process engineering-related consultancy costs</u>	14	12	21
<u>Related party management fee</u>	0	0	0
<u>Restructuring costs, net of reversals</u>	2	8	31
<u>Unrealized (gain) loss on derivatives</u>	6	2	(7)
<u>Other</u>	0	12	9
<u>Adjusted EBITDA from continuing operations</u>	569	677	662
<u>Segment assets (excluding intercompany balances)</u>	4,702	4,743	
<b><u>Included in segment assets are:</u></b>			
<u>Additions to property, plant and equipment</u>	243	104	
<u>Additions to intangible assets</u>	16	2	
<u>Segment liabilities (excluding intercompany balances)</u>	880	881	
<u>Business segments   Graham Packaging</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	2,087	2,147	2,223
<u>Gross profit</u>	265	323	335
<u>Expenses and other income</u>	(404)	(188)	(202)
<u>Profit from operating activities</u>	(139)	135	133
<u>Depreciation and amortization from continuing operations</u>	253	257	269
<u>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</u>	114	392	402
<b><u>Included in EBITDA:</u></b>			
<u>Asset impairment charges, net of reversals</u>	229	7	11
<u>Non-cash change in multi-employer pension plan withdrawal liability</u>			0
<u>(Gain) loss on sale or disposal of businesses and non-current assets</u>	0		
<u>Non-cash pension expense</u>	0	0	0
<u>Operational process engineering-related consultancy costs</u>	0	0	0
<u>Related party management fee</u>	0	0	0
<u>Restructuring costs, net of reversals</u>	7	4	12
<u>Unrealized (gain) loss on derivatives</u>	0	0	0
<u>Other</u>	(1)	(6)	(4)
<u>Adjusted EBITDA from continuing operations</u>	349	397	421
<u>Segment assets (excluding intercompany balances)</u>	3,958	4,430	
<b><u>Included in segment assets are:</u></b>			
<u>Additions to property, plant and equipment</u>	130	136	
<u>Additions to intangible assets</u>	2	4	
<u>Segment liabilities (excluding intercompany balances)</u>	705	814	
<u>Business segments   Evergreen</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	1,504	1,448	1,467
<u>Gross profit</u>	233	276	315
<u>Expenses and other income</u>	(65)	(79)	(88)
<u>Profit from operating activities</u>	168	197	227

<a href="#">Depreciation and amortization from continuing operations</a>	63	59	57
<a href="#">Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</a>	231	256	284
<b><a href="#">Included in EBITDA:</a></b>			
<a href="#">Asset impairment charges, net of reversals</a>	0	0	0
<a href="#">Non-cash change in multi-employer pension plan withdrawal liability</a>			(10)
<a href="#">(Gain) loss on sale or disposal of businesses and non-current assets</a>	0		
<a href="#">Non-cash pension expense</a>	0	0	0
<a href="#">Operational process engineering-related consultancy costs</a>	0	0	0
<a href="#">Related party management fee</a>	0	0	0
<a href="#">Restructuring costs, net of reversals</a>	0	2	1
<a href="#">Unrealized (gain) loss on derivatives</a>	2	1	(3)
<a href="#">Other</a>	(3)	(1)	(2)
<a href="#">Adjusted EBITDA from continuing operations</a>	230	258	270
<a href="#">Segment assets (excluding intercompany balances)</a>	1,129	1,163	
<b><a href="#">Included in segment assets are:</a></b>			
<a href="#">Additions to property, plant and equipment</a>	65	63	
<a href="#">Additions to intangible assets</a>	0	3	
<a href="#">Segment liabilities (excluding intercompany balances)</a>	371	386	
<a href="#">Business segments   Closures</a>			
<b><a href="#">Disclosure of operating segments [line items]</a></b>			
<a href="#">Total segment revenue</a>	822	885	912
<a href="#">Gross profit</a>	142	155	173
<a href="#">Expenses and other income</a>	(59)	(103)	(108)
<a href="#">Profit from operating activities</a>	83	52	65
<a href="#">Depreciation and amortization from continuing operations</a>	52	66	65
<a href="#">Earnings before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations</a>	135	118	130
<b><a href="#">Included in EBITDA:</a></b>			
<a href="#">Asset impairment charges, net of reversals</a>	4	2	6
<a href="#">Non-cash change in multi-employer pension plan withdrawal liability</a>			0
<a href="#">(Gain) loss on sale or disposal of businesses and non-current assets</a>	(31)		
<a href="#">Non-cash pension expense</a>	0	0	0
<a href="#">Operational process engineering-related consultancy costs</a>	0	0	0
<a href="#">Related party management fee</a>	0	0	0
<a href="#">Restructuring costs, net of reversals</a>	8	4	5
<a href="#">Unrealized (gain) loss on derivatives</a>	0	1	(2)
<a href="#">Other</a>	0	6	(1)
<a href="#">Adjusted EBITDA from continuing operations</a>	116	131	138
<a href="#">Segment assets (excluding intercompany balances)</a>	994	1,147	
<b><a href="#">Included in segment assets are:</a></b>			
<a href="#">Additions to property, plant and equipment</a>	40	31	
<a href="#">Additions to intangible assets</a>	0	0	
<a href="#">Segment liabilities (excluding intercompany balances)</a>	235	255	

<u>Total inter-segment revenue</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	(813)	(774)	(769)
<u>Total inter-segment revenue   Reynolds Consumer Products</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	164	152	146
<u>Total inter-segment revenue   Pactiv Foodservice</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	511	492	494
<u>Total inter-segment revenue   Graham Packaging</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	0	0	0
<u>Total inter-segment revenue   Evergreen</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	99	114	113
<u>Total inter-segment revenue   Closures</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	39	16	16
<u>Corporate / Unallocated</u>			
<b><u>Disclosure of operating segments [line items]</u></b>			
<u>Total segment revenue</u>	(813)	(774)	(769)
<u>Gross profit</u>	(1)	(6)	0
<u>Expenses and other income</u>	(130)	(128)	(204)
<u>Profit from operating activities</u>	(131)	(134)	(204)
<u>Depreciation and amortization from continuing operations</u>	0	1	1
<u>Earnings before interest, tax, depreciation and amortization ("EBITDA") from continuing operations</u>	(131)	(133)	(203)
<b><u>Included in EBITDA:</u></b>			
<u>Asset impairment charges, net of reversals</u>	0	0	0
<u>Non-cash change in multi-employer pension plan withdrawal liability</u>			0
<u>(Gain) loss on sale or disposal of businesses and non-current assets</u>	0		
<u>Non-cash pension expense</u>	56	58	124
<u>Operational process engineering-related consultancy costs</u>	0	0	0
<u>Related party management fee</u>	28	31	40
<u>Restructuring costs, net of reversals</u>	0	0	0
<u>Unrealized (gain) loss on derivatives</u>	0	0	0
<u>Other</u>	3	(1)	1
<u>Adjusted EBITDA from continuing operations</u>	(44)	(45)	\$ (38)
<u>Segment assets (excluding intercompany balances)</u>	1,287	1,077	
<b><u>Included in segment assets are:</u></b>			
<u>Additions to property, plant and equipment</u>	5	3	
<u>Additions to intangible assets</u>	3	1	
<u>Segment liabilities (excluding intercompany balances)</u>	\$ 11,768	\$ 12,098	

**Segment reporting -  
Geographic area (Details) -  
USD (\$)**

**12 Months Ended**

	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	\$	\$	\$
	10,660,000,000	10,524,000,000	10,646,000,000
<u>Non-current assets</u>	12,345,000,000	12,685,000,000	
<u>Corporate / Unallocated</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	(813,000,000)	(774,000,000)	(769,000,000)
<u>Reynolds Consumer Products</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	3,144,000,000	2,959,000,000	2,936,000,000
<u>Pactiv Foodservice</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	3,778,000,000	3,729,000,000	3,748,000,000
<u>Graham Packaging</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	2,087,000,000	2,147,000,000	2,223,000,000
<u>Evergreen</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	1,603,000,000	1,562,000,000	1,580,000,000
<u>Closures</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	861,000,000	901,000,000	928,000,000
<u>United States</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	9,286,000,000	8,962,000,000	9,006,000,000
<u>Non-current assets</u>	11,664,000,000	11,861,000,000	
<u>United States   Corporate / Unallocated</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	(793,000,000)	(733,000,000)	(729,000,000)
<u>United States   Reynolds Consumer Products</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	3,081,000,000	2,865,000,000	2,844,000,000
<u>United States   Pactiv Foodservice</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	3,396,000,000	3,299,000,000	3,287,000,000
<u>United States   Graham Packaging</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	1,787,000,000	1,790,000,000	1,838,000,000
<u>United States   Evergreen</u>			
<b><u>Disclosure of geographical areas [line items]</u></b>			
<u>Revenue</u>	1,401,000,000	1,371,000,000	1,393,000,000



[United States | Closures](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	414,000,000	370,000,000	373,000,000
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[Remaining North American Region](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	618,000,000	632,000,000	620,000,000
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[Non-current assets](#)

	266,000,000	279,000,000	
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[Remaining North American Region | Corporate / Unallocated](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	(19,000,000)	(38,000,000)	(37,000,000)
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[Remaining North American Region | Reynolds Consumer Products](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	61,000,000	92,000,000	90,000,000
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[Remaining North American Region | Pactiv Foodservice](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	354,000,000	345,000,000	321,000,000
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[Remaining North American Region | Graham Packaging](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	105,000,000	116,000,000	123,000,000
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[Remaining North American Region | Evergreen](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	35,000,000	36,000,000	39,000,000
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[Remaining North American Region | Closures](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	82,000,000	81,000,000	84,000,000
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[Asia](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	361,000,000	449,000,000	462,000,000
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[Non-current assets](#)

	176,000,000	179,000,000	
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[Asia | Corporate / Unallocated](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	0	(3,000,000)	(3,000,000)
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[Asia | Reynolds Consumer Products](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	2,000,000	2,000,000	2,000,000
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[Asia | Pactiv Foodservice](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	27,000,000	28,000,000	30,000,000
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[Asia | Graham Packaging](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	5,000,000	29,000,000	44,000,000
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[Asia | Evergreen](#)

[Disclosure of geographical areas \[line items\]](#)

<a href="#">Revenue</a>	167,000,000	155,000,000	148,000,000
<a href="#">Asia   Closures</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	160,000,000	238,000,000	241,000,000
<a href="#">Europe</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	249,000,000	319,000,000	383,000,000
<a href="#">Non-current assets</a>	159,000,000	213,000,000	
<a href="#">Europe   Corporate / Unallocated</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	(1,000,000)	0	0
<a href="#">Europe   Reynolds Consumer Products</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">Europe   Pactiv Foodservice</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	1,000,000	57,000,000	110,000,000
<a href="#">Europe   Graham Packaging</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	136,000,000	155,000,000	161,000,000
<a href="#">Europe   Evergreen</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">Europe   Closures</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	113,000,000	107,000,000	112,000,000
<a href="#">South America</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	136,000,000	152,000,000	164,000,000
<a href="#">Non-current assets</a>	57,000,000	79,000,000	
<a href="#">South America   Corporate / Unallocated</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">South America   Reynolds Consumer Products</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">South America   Pactiv Foodservice</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">South America   Graham Packaging</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	54,000,000	57,000,000	57,000,000
<a href="#">South America   Evergreen</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			

<a href="#">Revenue</a>	0	0	0
<a href="#">South America   Closures</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	82,000,000	95,000,000	107,000,000
<a href="#">Other</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	10,000,000	10,000,000	11,000,000
<a href="#">Non-current assets</a>	23,000,000	74,000,000	
<a href="#">Other   Corporate / Unallocated</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">Other   Reynolds Consumer Products</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">Other   Pactiv Foodservice</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">Other   Graham Packaging</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">Other   Evergreen</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	0
<a href="#">Other   Closures</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	10,000,000	10,000,000	11,000,000
<a href="#">New Zealand</a>			
<a href="#">Disclosure of geographical areas [line items]</a>			
<a href="#">Revenue</a>	0	0	\$ 0
<a href="#">Non-current assets</a>	\$ 0	\$ 49,000,000	

**Segment reporting - Major  
customers (Details) - USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016**

**Disclosure of major customers [line items]**

Revenue

\$ 10,660      \$ 10,524      \$ 10,646

Reynolds Consumer Products

**Disclosure of major customers [line items]**

Revenue

3,144      2,959      2,936

Reynolds Consumer Products | External customer

**Disclosure of major customers [line items]**

Revenue

\$ 1,268      \$ 1,163      \$ 1,104

Segment reporting - Product lines (Details) - USD (\$) \$ in Millions	12 Months Ended		
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	\$ 10,660	\$ 10,524	\$ 10,646
<a href="#">Inter-segment eliminations</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	(813)	(774)	(769)
<a href="#">Reynolds Consumer Products</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	3,144	2,959	2,936
<a href="#">Reynolds Consumer Products   Waste and storage products</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	1,227	1,157	1,166
<a href="#">Reynolds Consumer Products   Cooking products</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	1,160	1,071	1,060
<a href="#">Reynolds Consumer Products   Tableware</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	757	731	710
<a href="#">Pactiv Foodservice</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	3,778	3,729	3,748
<a href="#">Pactiv Foodservice   Foodservice packaging</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	3,778	3,729	3,748
<a href="#">Graham Packaging</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	2,087	2,147	2,223
<a href="#">Graham Packaging   Food and beverage plastic containers</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	1,443	1,487	1,541
<a href="#">Graham Packaging   All other plastic containers</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	644	660	682
<a href="#">Evergreen</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	1,603	1,562	1,580
<a href="#">Evergreen   Carton packaging</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	799	774	809
<a href="#">Evergreen   Liquid packaging board</a>			
<a href="#">Disclosure of products and services [line items]</a>			

<a href="#">Revenue</a>	438	453	414
<a href="#">Evergreen   Paper products</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	366	335	357
<a href="#">Closures</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	861	901	928
<a href="#">Closures   Caps and closures</a>			
<a href="#">Disclosure of products and services [line items]</a>			
<a href="#">Revenue</a>	\$ 861	\$ 901	\$ 928

**Net other income (expenses)**  
**(Details) - USD (\$)**  
**\$ in Millions**

**12 Months Ended**  
**Dec. 31,      Dec. 31,      Dec. 31,**  
**2018          2017          2016**

**Disclosure of reconciliation of changes in intangible assets and goodwill**

**[line items]**

<u>Asset impairment charges, net of reversals</u>	\$ (240)	\$ (45)	\$ (45)
<u>Gain (loss) on sale or disposal of businesses and non-current assets</u>	8	(11)	(4)
<u>Net foreign currency exchange gains (losses)</u>	(2)	(2)	(10)
<u>Related party management fee (refer to note 20)</u>	(28)	(31)	(40)
<u>Unrealized gain (loss) on derivatives (refer to note 19)</u>	(22)	0	18
<u>Other</u>	5	11	9
<u>Net other income (expenses)</u>	(279)	\$ (78)	\$ (72)

Graham Packaging

**Disclosure of reconciliation of changes in intangible assets and goodwill**

**[line items]**

<u>Impairment of goodwill</u>	\$ 206
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**Personnel expenses (Details)****- USD (\$)****\$ in Millions****12 Months Ended****Dec. 31, 2018Dec. 31, 2017Dec. 31, 2016**[Analysis of income and expense \[abstract\]](#)[Personnel expenses](#)

\$ 2,057

\$ 2,058

\$ 2,122



**Financial income and  
expenses (Details) - USD (\$)  
\$ in Millions**

**12 Months Ended**

Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Feb. 15, 2018	Jan. 15, 2018	Dec. 15, 2017	Jun. 15, 2017	Feb. 15, 2017	Aug. 05, 2016
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**Analysis of income and expense [Line  
Items]**

<u>Interest income</u>	\$ 5	\$ 3	\$ 5
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<u>Interest income on related party loans (refer to note 20)</u>	17	17	17
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<u>Net gain in fair value of derivatives</u>	0	29	134
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<u>Net foreign currency exchange gain</u>	24	0	13
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<u>Financial income</u>	46	49	169
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**Amortization of:**

<u>Transaction costs</u>	(16)	(17)	(28)
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<u>Fair value adjustment of acquired notes</u>	(1)	1	2
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<u>Embedded derivatives</u>	6	7	8
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<u>Net loss in fair value of derivatives</u>	(245)	0	0
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<u>Net foreign currency exchange loss</u>	0	(44)	0
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<u>Loss on extinguishment of debt</u>	(3)	(67)	(168)
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<u>Other</u>	(6)	(13)	(12)
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<u>Financial expenses</u>	(865)	(750)	(1,042)
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<u>Net financial income (expenses)</u>	(819)	(701)	(873)
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**Securitization Facility**

**Analysis of income and expense [Line  
Items]**

<u>Interest expense</u>	(16)	(13)	(9)
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**Credit Agreement**

**Analysis of income and expense [Line  
Items]**

<u>Interest expense</u>	\$ (166)	(146)	(119)
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**7.125% Senior Secured Notes due 2019**

**Analysis of income and expense [Line  
Items]**

<u>Interest rate</u>	7.125%		
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<u>Interest expense</u>	\$ 0	0	(26)
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**7.875% Senior Secured Notes due 2019**

**Analysis of income and expense [Line  
Items]**

<u>Interest rate</u>	7.875%		
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<u>Interest expense</u>	\$ 0	\$ 0	(27)
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**5.750% Senior Secured Notes due 2020**

**Analysis of income and expense [Line  
Items]**

<u>Interest rate</u>	5.75%	5.75%	5.75%
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<a href="#">Interest expense</a>	\$ (180)	\$ (186)	(186)
<a href="#">6.875% Senior Secured Notes due 2021</a>			
<a href="#">Analysis of income and expense [Line Items]</a>			
<a href="#">Interest rate</a>	6.875%	6.875%	
<a href="#">Interest expense</a>	\$ (26)	(44)	(65)
<a href="#">Amortization of:</a>			
<a href="#">Redemption premium</a>	3		
<a href="#">Floating Rate Senior Secured Notes due 2021</a>			
<a href="#">Analysis of income and expense [Line Items]</a>			
<a href="#">Interest expense</a>	\$ (35)	(35)	\$ (16)
<a href="#">5.125% Senior Secured Notes due 2023</a>			
<a href="#">Analysis of income and expense [Line Items]</a>			
<a href="#">Interest rate</a>	5.125%	5.125%	5.125%
<a href="#">Interest expense</a>	\$ (82)	(82)	\$ (41)
<a href="#">8.500% Senior Notes due 2018</a>			
<a href="#">Analysis of income and expense [Line Items]</a>			
<a href="#">Interest rate</a>	8.50%		
<a href="#">Interest expense</a>	\$ 0	0	(28)
<a href="#">9.000% Senior Notes due 2019</a>			
<a href="#">Analysis of income and expense [Line Items]</a>			
<a href="#">Interest rate</a>	9.00%		
<a href="#">Interest expense</a>	\$ 0	0	(28)
<a href="#">9.875% Senior Notes due 2019</a>			
<a href="#">Analysis of income and expense [Line Items]</a>			
<a href="#">Interest rate</a>	9.875%		
<a href="#">Interest expense</a>	\$ 0	\$ 0	(83)
<a href="#">8.250% Senior Notes due 2021</a>			
<a href="#">Analysis of income and expense [Line Items]</a>			
<a href="#">Interest rate</a>	8.25%	8.25%	8.25%
<a href="#">Interest expense</a>	\$ 0	\$ (4)	\$ (75)
<a href="#">7.000% Senior Notes due 2024</a>			
<a href="#">Analysis of income and expense [Line Items]</a>			
<a href="#">Interest rate</a>	7.00%	7.00%	
<a href="#">Interest expense</a>	\$ (56)	(56)	\$ (29)
<a href="#">5.625% Senior Notes due 2016</a>			

**Analysis of income and expense [Line Items]**

<u>Interest rate</u>	5.625%		
<u>Interest expense</u>	\$ 0	0	(30)
<u>6.000% Senior Subordinated Notes due 2017</u>			

**Analysis of income and expense [Line Items]**

<u>Interest rate</u>	6.00%		
<u>Interest expense</u>	\$ 0	0	(18)
<u>8.125% Debentures due 2017</u>			

**Analysis of income and expense [Line Items]**

<u>Interest rate</u>	8.125%			8.125%
<u>Interest expense</u>	\$ 0	(11)	(24)	
<u>6.400% Notes due 2018</u>				

**Analysis of income and expense [Line Items]**

<u>Interest rate</u>	6.40%			6.40%
<u>Interest expense</u>	\$ 0	(1)	(1)	
<u>7.950% Debentures due 2025</u>				

**Analysis of income and expense [Line Items]**

<u>Interest rate</u>	7.95%		
<u>Interest expense</u>	\$ (22)	(22)	(22)
<u>8.375% Debentures due 2027</u>			

**Analysis of income and expense [Line Items]**

<u>Interest rate</u>	8.375%		
<u>Interest expense</u>	\$ (17)	(17)	(17)
<u>Reynolds Notes, 8.25% Senior Notes</u>			
<u>8.250%, Credit Agreement refinancing and</u>			
<u>2017 Securitization Facility refinancing</u>			

**Amortization of:**

<u>Write-off of unamortized transaction costs and embedded derivatives</u>	56	
<u>Reynolds Notes, 8.250% Senior Notes and</u>		
<u>5.750% Senior Secured Notes due 2020</u>		

**Amortization of:**

<u>Redemption premium</u>	\$ 11	
<u>Certain senior secured notes and senior notes</u>		

**Amortization of:**

<u>Write-off of unamortized transaction costs and embedded derivatives</u>	43	
<u>Redemption premium</u>	\$ 125	

Income tax - Income tax (expense) benefit (Details) - USD (\$) \$ in Millions	12 Months Ended		
	Dec. 31,	Dec. 31,	Dec. 31,
	2018	2017	2016
<b><u>Current tax (expense) benefit</u></b>			
<u>Current year</u>	\$ (128)	\$ (201)	\$ (123)
<u>Adjustments for prior years</u>	(2)	2	(1)
<u>Current tax expense (benefit) and adjustments for current tax of prior periods</u>	(130)	(199)	(124)
<b><u>Deferred tax (expense) benefit</u></b>			
<u>Origination and reversal of temporary differences</u>	83	100	16
<u>Recognition of previously unrecognized tax losses and temporary differences</u>	0	24	0
<u>Adjustments for prior years</u>	7	(6)	3
<u>Deferred tax expense (benefit)</u>	90	118	19
<u>Income tax (expense) benefit</u>	\$ (40)	\$ (81)	\$ (105)

Income tax - Narrative (Details) - USD (\$) \$ in Millions	12 Months Ended		
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<b><u>Income Taxes [Abstract]</u></b>			
<u>Tax expense recognized in other comprehensive income</u>	\$ 10	\$ 25	\$ 45
<u>Tax benefit</u>	15	339	0
<u>Tax benefit recognized in equity</u>		42	
<u>Deferred tax asset from carried forward interest deductions</u>			\$ 562
<u>Tax Cuts and Jobs Act of 2017, change in tax rate, deferred tax asset</u>		228	
<u>Tax Cuts and Jobs Act of 2017, change in tax rate, deferred tax liability</u>		5	
<u>Current tax assets</u>	14	14	
<u>Current tax liabilities</u>	\$ 27	\$ 44	

**Income tax - Reconciliation**  
**(Details) - USD (\$)**  
**\$ in Millions**

**12 Months Ended**  
**Dec. 31,      Dec. 31,      Dec. 31,**  
**2018            2017            2016**

**Reconciliation of accounting profit multiplied by applicable tax rates**

**[abstract]**

<u>Profit (loss) from continuing operations before income tax</u>	\$ 35	\$ 521	\$ 272
<u>Income tax using the New Zealand tax rate of 28%</u>	(10)	(146)	(76)
<u>Effect of tax rates in foreign jurisdictions</u>	(16)	(57)	(21)
<u>Non-deductible expenses and permanent differences</u>	(17)	(30)	(14)
<u>Tax exempt income and income at a reduced tax rate</u>	6	9	2
<u>Goodwill impairment</u>	(28)	0	0
<u>Currency translation (gain) loss</u>	(1)	25	11
<u>Domestic manufacturing deduction</u>	0	13	13
<u>Withholding tax</u>	(6)	(10)	(5)
<u>Withholding tax related to prior periods</u>	(7)	0	0
<u>Deemed mandatory repatriation</u>	0	(5)	0
<u>Tax rate modifications</u>	15	339	0
<u>Write-off of previously recognized deferred tax assets</u>	0	(228)	0
<u>Recognition of deferred tax asset for previously unrecognized tax losses</u>	0	24	0
<u>Change in unrecognized tax losses and temporary differences</u>	5	(21)	(15)
<u>Tax on unremitted earnings</u>	(2)	9	(1)
<u>Tax uncertainties</u>	12	(4)	1
<u>Over (under) provided in prior periods</u>	5	(4)	2
<u>Other</u>	4	5	(2)
<u>Income tax (expense) benefit</u>	\$ (40)	\$ (81)	\$ (105)

**Income tax - Movement in  
recognized deferred tax  
assets and liabilities (Details)  
- USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31,      Dec. 31,      Dec. 31,      Dec. 31,**  
**2018          2017          2018          2017**

**Reconciliation of changes in deferred tax liability (asset)**

**[abstract]**

<u>Beginning balance</u>	\$ (982)	\$ (1,074)		
<u>Recognized in profit or loss</u>	90	118		
<u>Recognized in equity</u>	(7)	(25)		
<u>Other</u>	5	(1)		
<u>Ending balance</u>	(894)	(982)		
<u>Deferred tax assets - non-current</u>			\$ 28	\$ 32
<u>Deferred tax liabilities - non-current</u>			(922)	(1,014)
<u>Total recognized net deferred tax liabilities</u>	(982)	(1,074)	(894)	(982)

Derivatives

**Reconciliation of changes in deferred tax liability (asset)**

**[abstract]**

<u>Beginning balance</u>	(73)	(99)		
<u>Recognized in profit or loss</u>	73	26		
<u>Recognized in equity</u>	0	0		
<u>Other</u>	0	0		
<u>Ending balance</u>	0	(73)		
<u>Total recognized net deferred tax liabilities</u>	(73)	(99)	0	(73)

Property, plant and equipment

**Reconciliation of changes in deferred tax liability (asset)**

**[abstract]**

<u>Beginning balance</u>	(360)	(556)		
<u>Recognized in profit or loss</u>	(15)	197		
<u>Recognized in equity</u>	0	0		
<u>Other</u>	(1)	(1)		
<u>Ending balance</u>	(376)	(360)		
<u>Total recognized net deferred tax liabilities</u>	(360)	(556)	(376)	(360)

Intangible assets

**Reconciliation of changes in deferred tax liability (asset)**

**[abstract]**

<u>Beginning balance</u>	(1,102)	(1,711)		
<u>Recognized in profit or loss</u>	48	612		
<u>Recognized in equity</u>	0	0		
<u>Other</u>	2	(3)		
<u>Ending balance</u>	(1,052)	(1,102)		
<u>Total recognized net deferred tax liabilities</u>	(1,102)	(1,711)	(1,052)	(1,102)

Employee benefits

**Reconciliation of changes in deferred tax liability (asset)****[abstract]**

<u>Beginning balance</u>	258	492		
<u>Recognized in profit or loss</u>	20	(214)		
<u>Recognized in equity</u>	(10)	(20)		
<u>Other</u>	1	0		
<u>Ending balance</u>	269	258		
<u>Total recognized net deferred tax liabilities</u>	258	492	269	258
<u>Tax loss carry-forwards</u>				

**Reconciliation of changes in deferred tax liability (asset)****[abstract]**

<u>Beginning balance</u>	85	97		
<u>Recognized in profit or loss</u>	(18)	(12)		
<u>Recognized in equity</u>	0	0		
<u>Other</u>	(2)	0		
<u>Ending balance</u>	65	85		
<u>Total recognized net deferred tax liabilities</u>	85	97	65	85

**Interest****Reconciliation of changes in deferred tax liability (asset)****[abstract]**

<u>Beginning balance</u>	112	562		
<u>Recognized in profit or loss</u>	9	(450)		
<u>Recognized in equity</u>	0	0		
<u>Other</u>	0	0		
<u>Ending balance</u>	121	112		
<u>Total recognized net deferred tax liabilities</u>	112	562	121	112
<u>Other items</u>				

**Reconciliation of changes in deferred tax liability (asset)****[abstract]**

<u>Beginning balance</u>	98	141		
<u>Recognized in profit or loss</u>	(27)	(41)		
<u>Recognized in equity</u>	3	(5)		
<u>Other</u>	5	3		
<u>Ending balance</u>	79	98		
<u>Total recognized net deferred tax liabilities</u>	\$ 98	\$ 141	\$ 79	\$ 98



**Income tax - Unrecognized  
deferred taxes (Details) -  
USD (\$)  
\$ in Millions**

**Dec. 31,  
2018      Dec. 31,  
2017**

**Disclosure of temporary difference, unused tax losses and unused tax credits [line items]**

<u>Deductible (taxable) temporary differences</u>	\$ 284	\$ 239
<u>Tax losses</u>	294	344
<u>Total unrecognized deferred tax assets</u>	578	\$ 583
<u>Taxable temporary differences</u>		

**Disclosure of temporary difference, unused tax losses and unused tax credits [line items]**

<u>Unrecognized tax benefits</u>	\$ 63
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**Trade and other receivables,  
net - Schedule of receivables,  
net (Details) - USD (\$)  
\$ in Millions**

**Dec. 31, 2018 Dec. 31, 2017**

**Trade Receivables [Line Items]**

<u>Total trade receivables, net of provision for impairment</u>	\$ 1,040	\$ 1,059
<u>Related party receivables (refer to note 20)</u>	13	8
<u>Other receivables</u>	68	69
<u>Total current trade and other receivables, net</u>	1,121	1,136
<u>Other receivables</u>	20	23
<u>Total non-current receivables</u>	348	352

**Cost**

**Trade Receivables [Line Items]**

<u>Total trade receivables, net of provision for impairment</u>	1,046	1,067
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**Accumulated impairment losses**

**Trade Receivables [Line Items]**

<u>Total trade receivables, net of provision for impairment</u>	(6)	(8)
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**Balances and transactions with Rank Group Limited**

**Trade Receivables [Line Items]**

<u>Related party receivables (refer to note 20)</u>	\$ 328	\$ 329
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**Trade and other receivables,  
net - Aging of trade  
receivables, net of provision  
for impairment (Details) -  
USD (\$)  
\$ in Millions**

**Dec. 31, 2018 Dec. 31, 2017**

**Disclosure of financial assets that are either past due or impaired [line items]**

<u>Total trade receivables, net of provision for impairment</u>	\$ 1,040	\$ 1,059
<u>Current</u>		

**Disclosure of financial assets that are either past due or impaired [line items]**

<u>Total trade receivables, net of provision for impairment</u>	962	954
<u>Past due 1 to 30 days</u>		

**Disclosure of financial assets that are either past due or impaired [line items]**

<u>Total trade receivables, net of provision for impairment</u>	59	73
<u>Past due 31 to 60 days</u>		

**Disclosure of financial assets that are either past due or impaired [line items]**

<u>Total trade receivables, net of provision for impairment</u>	9	13
<u>Past due 61 to 90 days</u>		

**Disclosure of financial assets that are either past due or impaired [line items]**

<u>Total trade receivables, net of provision for impairment</u>	4	8
<u>Past due more than 90 days</u>		

**Disclosure of financial assets that are either past due or impaired [line items]**

<u>Total trade receivables, net of provision for impairment</u>	\$ 6	\$ 11
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**Inventories (Details) - USD**  
**(\$)**

**\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016**

**Classes of Current Inventories [Line Items]**

<u>Raw materials and consumables</u>	\$ 463	\$ 424
<u>Work in progress</u>	133	145
<u>Finished goods</u>	720	717
<u>Engineering and maintenance materials</u>	123	99
<u>Provision against inventories</u>	(28)	(15)
<u>Current inventories</u>	1,411	1,370
<u>Continuing operations</u>		

**Classes of Current Inventories [Line Items]**

<u>Current raw materials</u>	\$ 4,700	\$ 4,600	\$ 4,600
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**Property, plant and  
equipment - Summary of  
property, plant and  
equipment (Details) - USD  
(\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31,      Dec. 31,      Dec. 31,  
2018          2017          2016**

**Reconciliation of changes in property, plant and equipment**

**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	\$ 2,923	\$ 3,010	
<u>Additions</u>	565	392	
<u>Capitalization of borrowing costs</u>	7	3	
<u>Disposals</u>	(3)	(10)	
<u>Depreciation for the year</u>	(422)	(419)	\$ (445)
<u>Impairment losses, net of reversals</u>	(31)	(10)	
<u>Other transfers</u>	(4)	(68)	
<u>Effect of movements in exchange rates</u>	(14)	25	
<u>Property, plant and equipment, ending balance</u>	3,021	2,923	3,010
<u>Land</u>			

**Reconciliation of changes in property, plant and equipment**

**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	170	168	
<u>Additions</u>	0	0	
<u>Capitalization of borrowing costs</u>	0	0	
<u>Disposals</u>	0	0	
<u>Depreciation for the year</u>	0	0	
<u>Impairment losses, net of reversals</u>	0	0	
<u>Other transfers</u>	(6)	(1)	
<u>Effect of movements in exchange rates</u>	(1)	3	
<u>Property, plant and equipment, ending balance</u>	163	170	168
<u>Buildings and improvements</u>			

**Reconciliation of changes in property, plant and equipment**

**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	472	498	
<u>Additions</u>	0	2	
<u>Capitalization of borrowing costs</u>	0	0	
<u>Disposals</u>	0	0	
<u>Depreciation for the year</u>	(50)	(50)	
<u>Impairment losses, net of reversals</u>	(3)	0	
<u>Other transfers</u>	39	18	
<u>Effect of movements in exchange rates</u>	(2)	4	
<u>Property, plant and equipment, ending balance</u>	456	472	498
<u>Plant and equipment</u>			

**Reconciliation of changes in property, plant and equipment**

**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	1,965	2,100	
<u>Additions</u>	0	0	
<u>Capitalization of borrowing costs</u>	0	0	
<u>Disposals</u>	(3)	(10)	
<u>Depreciation for the year</u>	(370)	(367)	
<u>Impairment losses, net of reversals</u>	(28)	(9)	
<u>Other transfers</u>	417	235	
<u>Effect of movements in exchange rates</u>	(10)	16	
<u>Property, plant and equipment, ending balance</u>	1,971	1,965	2,100
<u>Capital work in progress</u>			

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	300	226	
<u>Additions</u>	564	390	
<u>Capitalization of borrowing costs</u>	7	3	
<u>Disposals</u>	0	0	
<u>Depreciation for the year</u>	0	0	
<u>Impairment losses, net of reversals</u>	0	(1)	
<u>Other transfers</u>	(454)	(320)	
<u>Effect of movements in exchange rates</u>	(1)	2	
<u>Property, plant and equipment, ending balance</u>	416	300	226
<u>Finance leased assets</u>			

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	16	18	
<u>Additions</u>	1	0	
<u>Capitalization of borrowing costs</u>	0	0	
<u>Disposals</u>	0	0	
<u>Depreciation for the year</u>	(2)	(2)	
<u>Impairment losses, net of reversals</u>	0	0	
<u>Other transfers</u>	0	0	
<u>Effect of movements in exchange rates</u>	0	0	
<u>Property, plant and equipment, ending balance</u>	15	16	\$ 18
<u>Cost</u>			

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	6,332		
<u>Property, plant and equipment, ending balance</u>	6,730	6,332	
<u>Cost   Land</u>			

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	170		
<u>Property, plant and equipment, ending balance</u>	163	170	
<u>Cost   Buildings and improvements</u>			

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	903	
<u>Property, plant and equipment, ending balance</u>	932	903
<u>Cost   Plant and equipment</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	4,931	
<u>Property, plant and equipment, ending balance</u>	5,190	4,931
<u>Cost   Capital work in progress</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	300	
<u>Property, plant and equipment, ending balance</u>	416	300
<u>Cost   Finance leased assets</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	28	
<u>Property, plant and equipment, ending balance</u>	29	28
<u>Accumulated depreciation</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	(3,359)	
<u>Property, plant and equipment, ending balance</u>	(3,646)	(3,359)
<u>Accumulated depreciation   Land</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	0	
<u>Property, plant and equipment, ending balance</u>	0	0
<u>Accumulated depreciation   Buildings and improvements</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	(431)	
<u>Property, plant and equipment, ending balance</u>	(474)	(431)
<u>Accumulated depreciation   Plant and equipment</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	(2,916)	
<u>Property, plant and equipment, ending balance</u>	(3,158)	(2,916)
<u>Accumulated depreciation   Capital work in progress</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	0	
<u>Property, plant and equipment, ending balance</u>	0	0
<u>Accumulated depreciation   Finance leased assets</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	(12)	
<u>Property, plant and equipment, ending balance</u>	(14)	(12)
<u>Accumulated impairment losses</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	(50)	
<u>Property, plant and equipment, ending balance</u>	(63)	(50)
<u>Accumulated impairment losses   Land</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	0	
<u>Property, plant and equipment, ending balance</u>	0	0
<u>Accumulated impairment losses   Buildings and improvements</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	0	
<u>Property, plant and equipment, ending balance</u>	(2)	0
<u>Accumulated impairment losses   Plant and equipment</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	(50)	
<u>Property, plant and equipment, ending balance</u>	(61)	(50)
<u>Accumulated impairment losses   Capital work in progress</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	0	
<u>Property, plant and equipment, ending balance</u>	0	0
<u>Accumulated impairment losses   Finance leased assets</u>		

**Reconciliation of changes in property, plant and equipment**  
**[abstract]**

<u>Property, plant and equipment, beginning balance</u>	0	
<u>Property, plant and equipment, ending balance</u>	\$ 0	\$ 0



**Property, plant and  
equipment - Depreciation  
and narrative (Details) -  
USD (\$)  
\$ in Millions**

**12 Months Ended**

	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>
<b><u>Disclosure of detailed information about depreciation [Line Items]</u></b>			
<u>Depreciation for the year</u>	\$ 422	\$ 419	\$ 445
<u>Write-downs (reversals of write-downs) of property, plant and equipment</u>	31	10	44
<u>Cost of sales</u>			
<b><u>Disclosure of detailed information about depreciation [Line Items]</u></b>			
<u>Depreciation for the year</u>	412	411	436
<u>General and administration expenses</u>			
<b><u>Disclosure of detailed information about depreciation [Line Items]</u></b>			
<u>Depreciation for the year</u>	\$ 10	\$ 8	\$ 9

**Intangible assets - Summary  
of intangible assets including  
goodwill (Details) - USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31,      Dec. 31,      Dec. 31,  
2018          2017          2016**

**Disclosure of reconciliation of changes in intangible assets and goodwill**

**[line items]**

<u>Intangible assets and goodwill</u>	\$ 9,659	\$ 9,902	\$ 9,902
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	9,659	9,902	
<u>Additions to intangible assets</u>	22	12	
<u>Disposals, intangible assets and goodwill</u>	(6)	(5)	
<u>Amortization for the year</u>	(233)	(255)	(262)
<u>Impairment losses</u>	(206)	(5)	
<u>Transfers to assets held for sale</u>		(25)	
<u>Other transfers</u>		(1)	
<u>Effect of movements in exchange rates</u>	(14)	36	
<u>Intangible assets and goodwill, ending balance</u>	9,222	9,659	9,902

Goodwill

**Disclosure of reconciliation of changes in intangible assets and goodwill**

**[line items]**

<u>Intangible assets and goodwill</u>	5,465	5,431	5,431
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	5,465	5,431	
<u>Additions to goodwill</u>	0	0	
<u>Disposals, intangible assets and goodwill</u>	(3)	(1)	
<u>Impairment losses</u>	(206)	0	
<u>Transfers to assets held for sale</u>		(19)	
<u>Other transfers</u>		0	
<u>Effect of movements in exchange rates</u>	(6)	16	
<u>Intangible assets and goodwill, ending balance</u>	5,250	5,465	5,431

Trademarks

**Disclosure of reconciliation of changes in intangible assets and goodwill**

**[line items]**

<u>Intangible assets and goodwill</u>	1,680	1,684	1,684
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	1,680	1,684	
<u>Additions to intangible assets</u>	0	0	
<u>Disposals, intangible assets and goodwill</u>	0	0	
<u>Amortization for the year</u>	(3)	(4)	
<u>Impairment losses</u>	0	0	
<u>Transfers to assets held for sale</u>		0	
<u>Other transfers</u>		0	
<u>Effect of movements in exchange rates</u>	0	0	
<u>Intangible assets and goodwill, ending balance</u>	1,677	1,680	1,684

Customer relationships

**Disclosure of reconciliation of changes in intangible assets and goodwill**  
**[line items]**

<u>Intangible assets and goodwill</u>	2,132	2,322	2,322
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	2,132	2,322	
<u>Additions to intangible assets</u>	0	0	
<u>Disposals, intangible assets and goodwill</u>	(3)	0	
<u>Amortization for the year</u>	(166)	(168)	
<u>Impairment losses</u>	0	0	
<u>Transfers to assets held for sale</u>		(42)	
<u>Other transfers</u>		0	
<u>Effect of movements in exchange rates</u>	(8)	20	
<u>Intangible assets and goodwill, ending balance</u>	1,955	2,132	2,322

Technology & software

**Disclosure of reconciliation of changes in intangible assets and goodwill**  
**[line items]**

<u>Intangible assets and goodwill</u>	310	385	385
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	310	385	
<u>Additions to intangible assets</u>	20	10	
<u>Disposals, intangible assets and goodwill</u>	0	(4)	
<u>Amortization for the year</u>	(61)	(80)	
<u>Impairment losses</u>	0	0	
<u>Transfers to assets held for sale</u>		0	
<u>Other transfers</u>		(1)	
<u>Effect of movements in exchange rates</u>	0	0	
<u>Intangible assets and goodwill, ending balance</u>	269	310	385

Other

**Disclosure of reconciliation of changes in intangible assets and goodwill**  
**[line items]**

<u>Intangible assets and goodwill</u>	72	80	80
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	72	80	
<u>Additions to intangible assets</u>	2	2	
<u>Disposals, intangible assets and goodwill</u>	0	0	
<u>Amortization for the year</u>	(3)	(3)	
<u>Impairment losses</u>	0	(5)	
<u>Transfers to assets held for sale</u>		(2)	
<u>Other transfers</u>		0	
<u>Effect of movements in exchange rates</u>	0	0	
<u>Intangible assets and goodwill, ending balance</u>	71	72	\$ 80

Cost

**Disclosure of reconciliation of changes in intangible assets and goodwill**  
**[line items]**

<a href="#">Intangible assets and goodwill</a>	11,534	11,534
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	11,534	
<a href="#">Intangible assets and goodwill, ending balance</a>	11,513	11,534
<a href="#">Cost   Goodwill</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	5,465	5,465
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	5,465	
<a href="#">Intangible assets and goodwill, ending balance</a>	5,456	5,465
<a href="#">Cost   Trademarks</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	1,763	1,763
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	1,763	
<a href="#">Intangible assets and goodwill, ending balance</a>	1,764	1,763
<a href="#">Cost   Customer relationships</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	3,321	3,321
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	3,321	
<a href="#">Intangible assets and goodwill, ending balance</a>	3,299	3,321
<a href="#">Cost   Technology &amp; software</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	883	883
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	883	
<a href="#">Intangible assets and goodwill, ending balance</a>	891	883
<a href="#">Cost   Other</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	102	102
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	102	
<a href="#">Intangible assets and goodwill, ending balance</a>	103	102
<a href="#">Accumulated amortization</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	(1,869)	(1,869)
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	(1,869)	

<a href="#">Intangible assets and goodwill, ending balance</a>	(2,080)	(1,869)
<a href="#">Accumulated amortization   Goodwill</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	0	0
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	0	
<a href="#">Intangible assets and goodwill, ending balance</a>	0	0
<a href="#">Accumulated amortization   Trademarks</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	(83)	(83)
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	(83)	
<a href="#">Intangible assets and goodwill, ending balance</a>	(87)	(83)
<a href="#">Accumulated amortization   Customer relationships</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	(1,189)	(1,189)
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	(1,189)	
<a href="#">Intangible assets and goodwill, ending balance</a>	(1,344)	(1,189)
<a href="#">Accumulated amortization   Technology &amp; software</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	(573)	(573)
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	(573)	
<a href="#">Intangible assets and goodwill, ending balance</a>	(622)	(573)
<a href="#">Accumulated amortization   Other</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	(24)	(24)
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	(24)	
<a href="#">Intangible assets and goodwill, ending balance</a>	(27)	(24)
<a href="#">Accumulated impairment losses</a>		
<b><a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a></b>		
<a href="#">Intangible assets and goodwill</a>	(6)	(6)
<b><a href="#">Reconciliation of changes in intangible assets and goodwill [abstract]</a></b>		
<a href="#">Intangible assets and goodwill, beginning balance</a>	(6)	
<a href="#">Intangible assets and goodwill, ending balance</a>	(211)	(6)
<a href="#">Accumulated impairment losses   Goodwill</a>		

**Disclosure of reconciliation of changes in intangible assets and goodwill****[line items]**

<u>Intangible assets and goodwill</u>	0	0
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	0	
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<u>Intangible assets and goodwill, ending balance</u>	(206)	0
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Accumulated impairment losses | Trademarks

**Disclosure of reconciliation of changes in intangible assets and goodwill****[line items]**

<u>Intangible assets and goodwill</u>	0	0
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	0	
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<u>Intangible assets and goodwill, ending balance</u>	0	0
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Accumulated impairment losses | Customer relationships

**Disclosure of reconciliation of changes in intangible assets and goodwill****[line items]**

<u>Intangible assets and goodwill</u>	0	0
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	0	
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<u>Intangible assets and goodwill, ending balance</u>	0	0
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Accumulated impairment losses | Technology & software

**Disclosure of reconciliation of changes in intangible assets and goodwill****[line items]**

<u>Intangible assets and goodwill</u>	0	0
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**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	0	
--	---	--

<u>Intangible assets and goodwill, ending balance</u>	0	0
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Accumulated impairment losses | Other

**Disclosure of reconciliation of changes in intangible assets and goodwill****[line items]**

<u>Intangible assets and goodwill</u>	(6)	(6)
---------------------------------------	-----	-----

**Reconciliation of changes in intangible assets and goodwill [abstract]**

<u>Intangible assets and goodwill, beginning balance</u>	(6)	
--	-----	--

<u>Intangible assets and goodwill, ending balance</u>	\$ (5)	\$ (6)
---	--------	--------

**Intangible assets -  
Amortization expense  
(Details) - USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016**

**Intangible Assets [Abstract]**

<u>Cost of sales</u>	\$ 42	\$ 42	\$ 41
<u>General and administration expenses</u>	191	213	221
<u>Total amortization expense</u>	\$ 233	\$ 255	\$ 262

Intangible assets - Segments (Details) - USD (\$) \$ in Millions	Dec. 31, 2018	Dec. 31, 2017
<a href="#">Goodwill</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	\$ 5,250	\$ 5,465
<a href="#">Trademarks</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	1,661	1,661
<a href="#">Other</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	59	59
<a href="#">Reynolds Consumer Products   Goodwill</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	1,913	1,913
<a href="#">Reynolds Consumer Products   Trademarks</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	850	850
<a href="#">Reynolds Consumer Products   Other</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	0	0
<a href="#">Pactiv Foodservice   Goodwill</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	1,696	1,697
<a href="#">Pactiv Foodservice   Trademarks</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	526	526
<a href="#">Pactiv Foodservice   Other</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	59	59
<a href="#">Graham Packaging   Goodwill</a>		
<a href="#">Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</a>		
<a href="#">Intangible assets</a>	1,200	1,412
<a href="#">Graham Packaging   Trademarks</a>		



<b><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></b>		
<u>Intangible assets</u>	251	251
<u>Graham Packaging   Other</u>		
<b><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></b>		
<u>Intangible assets</u>	0	0
<u>Evergreen   Goodwill</u>		
<b><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></b>		
<u>Intangible assets</u>	67	67
<u>Evergreen   Trademarks</u>		
<b><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></b>		
<u>Intangible assets</u>	34	34
<u>Evergreen   Other</u>		
<b><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></b>		
<u>Intangible assets</u>	0	0
<u>Closures   Goodwill</u>		
<b><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></b>		
<u>Intangible assets</u>	374	376
<u>Closures   Trademarks</u>		
<b><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></b>		
<u>Intangible assets</u>	0	0
<u>Closures   Other</u>		
<b><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></b>		
<u>Intangible assets</u>	\$ 0	\$ 0

Intangible assets - Narrative (Details)	12 Months Ended	
	Dec. 31, 2018 USD (\$)	Dec. 31, 2017 USD (\$)
<a href="#"><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></a>		
<a href="#"><u>Estimated percentage of selling costs</u></a>	0.015	
<a href="#"><u>Impairment loss recognised for intangible assets and goodwill</u></a>	\$ 206,000,000	\$ 5,000,000
<a href="#"><u>Revenue growth rate (up to)</u></a>	6.00%	
<a href="#"><u>Discount rate</u></a>	8.30%	
<a href="#"><u>All Other Segments Excluding Graham Packaging</u></a>		
<a href="#"><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></a>		
<a href="#"><u>Impairment loss recognised for intangible assets and goodwill</u></a>	\$ 0	
<a href="#"><u>Graham Packaging</u></a>		
<a href="#"><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></a>		
<a href="#"><u>Impairment of goodwill</u></a>	206,000,000	
<a href="#"><u>Recoverable amount</u></a>	\$	
	2,900,000,000	
<a href="#"><u>Bottom of range</u></a>		
<a href="#"><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></a>		
<a href="#"><u>Earnings multiple</u></a>	7.5	
<a href="#"><u>Estimated percentage of selling costs</u></a>	0.01	
<a href="#"><u>Royalty rate</u></a>	0.01	
<a href="#"><u>Top of range</u></a>		
<a href="#"><u>Disclosure of reconciliation of changes in intangible assets and goodwill [line items]</u></a>		
<a href="#"><u>Earnings multiple</u></a>	10	
<a href="#"><u>Estimated percentage of selling costs</u></a>	0.015	
<a href="#"><u>Royalty rate</u></a>	0.07	

**Trade and other payables**  
**(Details) - USD (\$)**  
**\$ in Millions**

**Dec. 31, 2018** **Dec. 31, 2017**

**Subclassifications of assets, liabilities and equities [abstract]**

<u>Trade payables</u>	\$ 701	\$ 646
<u>Accrued interest</u>	125	132
<u>Related party payables (refer to note 20)</u>	33	33
<u>Other payables and accrued expenses</u>	304	305
<u>Total current trade and other payables</u>	1,163	1,116
<u>Non-current payables</u>	\$ 45	\$ 45

Borrowings - Total borrowings (Details) - USD (\$) \$ in Millions		Dec. 31, 2018	Feb. 15, 2018	Jan. 15, 2018	Dec. 31, 2017	Dec. 15, 2017	Feb. 28, 2017	Dec. 31, 2016	Aug. 05, 2016
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Total borrowings</a>	\$	11,035			\$	11,389		\$	12,071
<a href="#">Current borrowings</a>		455				470			
<a href="#">Non-current borrowings</a>	\$	10,580			\$	10,919			
<a href="#">Credit Agreement</a>									
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Total borrowings</a>								\$ 3,583	
<a href="#">5.750% Senior Secured Notes due 2020</a>									
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Interest rate</a>		5.75%			5.75%	5.75%			
<a href="#">6.875% Senior Secured Notes due 2021</a>									
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Interest rate</a>		6.875%	6.875%						
<a href="#">5.125% Senior Secured Notes due 2023</a>									
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Interest rate</a>		5.125%						5.125%	5.125%
<a href="#">7.000% Senior Notes due 2024</a>									
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Interest rate</a>		7.00%						7.00%	
<a href="#">6.400% Notes due 2018</a>									
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Interest rate</a>		6.40%		6.40%					
<a href="#">7.950% Debentures due 2025</a>									
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Interest rate</a>		7.95%							
<a href="#">8.375% Debentures due 2027</a>									
<a href="#">Disclosure of detailed information about borrowings [line items]</a>									
<a href="#">Interest rate</a>		8.375%							
<a href="#">Cost</a>									

**Disclosure of detailed information  
about borrowings [line items]**

<u>Total borrowings</u>	\$	\$	\$
	11,076	11,440	12,179

Cost | Securitization Facility

**Disclosure of detailed information  
about borrowings [line items]**

<u>Total borrowings</u>	420	420
-------------------------	-----	-----

Cost | Credit Agreement

**Disclosure of detailed information  
about borrowings [line items]**

<u>Total borrowings</u>	\$ 3,528	3,576
-------------------------	----------	-------

Cost | 5.750% Senior Secured Notes due 2020

**Disclosure of detailed information  
about borrowings [line items]**

<u>Interest rate</u>	5.75%	
<u>Total borrowings</u>	\$ 3,137	3,137

Cost | 6.875% Senior Secured Notes due 2021

**Disclosure of detailed information  
about borrowings [line items]**

<u>Interest rate</u>	6.875%	
<u>Total borrowings</u>	\$ 345	645

Cost | Floating Rate Senior Secured Notes due 2021

**Disclosure of detailed information  
about borrowings [line items]**

<u>Total borrowings</u>	\$ 750	750
-------------------------	--------	-----

Cost | 5.125% Senior Secured Notes due 2023

**Disclosure of detailed information  
about borrowings [line items]**

<u>Interest rate</u>	5.125%	
<u>Total borrowings</u>	\$ 1,600	1,600

Cost | 7.000% Senior Notes due 2024

**Disclosure of detailed information  
about borrowings [line items]**

<u>Interest rate</u>	7.00%	
<u>Total borrowings</u>	\$ 800	800

Cost | 6.400% Notes due 2018

**Disclosure of detailed information  
about borrowings [line items]**

<u>Interest rate</u>	6.40%	
<u>Total borrowings</u>	\$ 0	16

Cost | 7.950% Debentures due 2025

**Disclosure of detailed information  
about borrowings [line items]**

<u>Interest rate</u>	7.95%	
<u>Total borrowings</u>	\$ 276	276
<u>Cost   8.375% Debentures due 2027</u>		

**Disclosure of detailed information  
about borrowings [line items]**

<u>Interest rate</u>	8.375%	
<u>Total borrowings</u>	\$ 200	200
<u>Cost   Other borrowings</u>		

**Disclosure of detailed information  
about borrowings [line items]**

<u>Total borrowings</u>	20	20
<u>Transaction costs</u>		

**Disclosure of detailed information  
about borrowings [line items]**

<u>Total borrowings</u>	(59)	(77)
<u>Embedded derivatives</u>		

**Disclosure of detailed information  
about borrowings [line items]**

<u>Total borrowings</u>	23	32
<u>Original issue discounts, net of premiums</u>		

**Disclosure of detailed information  
about borrowings [line items]**

<u>Total borrowings</u>	\$ (5)	\$ (6)
-------------------------	--------	--------

**Borrowings - Securitization  
Facility (Details) - USD (\$)  
\$ in Millions**

**Dec. 31,  
2018**      **Dec. 31,  
2017**      **Mar. 22,  
2017**      **Dec. 31,  
2016**

**Disclosure of detailed information about borrowings [line items]**

Amount drawn      \$ 11,035      \$ 11,389      \$ 12,071

Securitization Facility

**Disclosure of detailed information about borrowings [line items]**

Facility amount      \$ 600

Amount drawn      \$ 420      \$ 452

Securitization Facility | LIBOR

**Disclosure of detailed information about borrowings [line items]**

Interest rate floor      0.00%

Interest rate margin      1.75%

<b>Borrowings - Credit Agreement (Details)</b> € in Millions, \$ in Millions	<b>Dec. 31, 2018</b> USD (\$)	<b>Dec. 31, 2018</b> EUR (€)	<b>Dec. 31, 2017</b> USD (\$)	<b>Sep. 29, 2017</b> USD (\$)	<b>Feb. 07, 2017</b> USD (\$)	<b>Feb. 07, 2017</b> EUR (€)	<b>Dec. 31, 2016</b> USD (\$)
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**Disclosure of detailed information about borrowings**  
**[line items]**

<u>Facility value</u>	\$ 11,035		\$ 11,389				\$ 12,071
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U.S. Term Loans

**Disclosure of detailed information about borrowings**  
**[line items]**

<u>Facility value</u>	3,315				\$ 3,315		
<u>Value drawn or utilized</u>	3,248						

European Term Loans

**Disclosure of detailed information about borrowings**  
**[line items]**

<u>Facility value   €</u>		€ 249				€ 249	
<u>Value drawn or utilized   €</u>		€ 244					

U.S. Revolving Loans

**Disclosure of detailed information about borrowings**  
**[line items]**

<u>Facility value</u>	302						
<u>Value drawn or utilized</u>	\$ 58						

US and European term loans

**Disclosure of detailed information about borrowings**  
**[line items]**

<u>Quarterly amortization payment as a percentage of the principal</u>					0.25%	0.25%	
<u>Annual prepayment of loans as a percentage of excess cash flow (up to)</u>	50.00%	50.00%					
<u>Requirement that total assets of non-guarantor companies be a percentage of the adjusted consolidated total assets of the Group as of the last day of recently ended fiscal quarter (or less)</u>					25.00%	25.00%	
<u>Requirement that the aggregate of the EBITDA of non-guarantor companies be a percentage of the consolidated EBITDA of the Group as of the period of four consecutive quarters (or less)</u>					25.00%	25.00%	
<u>Total secured leverage ratio (not to exceed)</u>					5.00	5.00	
<u>Percentage of aggregate revolving credit exposure to total commitments (not to exceed)</u>					35.00%	35.00%	

Fixed rate instruments | U.S. Term Loans

**Disclosure of detailed information about borrowings**  
**[line items]**



<a href="#">Interest rate</a>		2.75%	3.00%	3.00%
<a href="#">Fixed rate instruments   European Term Loans</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Interest rate</a>		3.25%	3.50%	3.50%
<a href="#">Fixed rate instruments   US and European term loans</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Reduction in rate</a>		0.25%	0.25%	0.25%
<a href="#">LIBOR   U.S. Term Loans</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Interest rate</a>	0.00%	0.00%		
<a href="#">Adjusted interest rate</a>	2.75%	2.75%	0.00%	0.00%
<a href="#">Floating rate instruments   U.S. Term Loans</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Adjusted interest rate</a>			100.00%	100.00%
<a href="#">EURIBOR   European Term Loans</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Interest rate</a>	0.00%	0.00%		
<a href="#">Adjusted interest rate</a>	3.25%	3.25%		
<a href="#">Bottom of range   US and European term loans</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Annual prepayment of loans as a percentage of excess cash flow (up to)</a>	25.00%	25.00%		
<a href="#">Top of range   US and European term loans</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Annual prepayment of loans as a percentage of excess cash flow (up to)</a>	0.00%	0.00%		

<b>Borrowings - Reynolds Notes (Details) - USD (\$) \$ in Millions</b>	<b>Feb. 15, 2018</b>	<b>Dec. 15, 2017</b>	<b>Feb. 15, 2017</b>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>Aug. 05, 2016</b>
<a href="#">5.750% Senior Secured Notes due 2020</a>							
<a href="#">Disclosure of detailed information about borrowings [line items]</a>							
<a href="#">Interest rate</a>		5.75%		5.75%	5.75%		
<a href="#">Redemption price, percentage of principal amount redeemed</a>		101.438%					
<a href="#">Redeemed principal amount</a>		\$ 100					
<a href="#">6.875% Senior Secured Notes due 2021</a>							
<a href="#">Disclosure of detailed information about borrowings [line items]</a>							
<a href="#">Interest rate</a>	6.875%			6.875%			
<a href="#">Aggregate principal amount repurchased</a>	\$ 300						
<a href="#">Redemption price, percentage of principal amount redeemed</a>	101.146%						
<a href="#">Floating Rate Senior Secured Notes due 2021</a>							
<a href="#">Disclosure of detailed information about borrowings [line items]</a>							
<a href="#">Issue price, percentage</a>						99.00%	
<a href="#">5.125% Senior Secured Notes due 2023</a>							
<a href="#">Disclosure of detailed information about borrowings [line items]</a>							
<a href="#">Issue price, percentage</a>						103.50%	
<a href="#">Aggregate principal</a>						\$ 250	
<a href="#">Interest rate</a>				5.125%		5.125%	5.125%
<a href="#">7.000% Senior Notes due 2024</a>							
<a href="#">Disclosure of detailed information about borrowings [line items]</a>							
<a href="#">Interest rate</a>				7.00%		7.00%	
<a href="#">8.250% Senior Notes due 2021</a>							
<a href="#">Disclosure of detailed information about borrowings [line items]</a>							
<a href="#">Interest rate</a>			8.25%	8.25%	8.25%		
<a href="#">Redemption price, percentage of principal amount redeemed</a>			102.75%				
<a href="#">Redeemed principal amount</a>			\$ 345				
<a href="#">LIBOR   Floating rate instruments   Floating Rate Senior Secured Notes due 2021</a>							
<a href="#">Disclosure of detailed information about borrowings [line items]</a>							
<a href="#">Adjusted interest rate</a>				3.50%			

<b>Borrowings - Pactiv Notes and Other borrowings (Details) - USD (\$)</b>	<b>12 Months Ended</b>			
	<b>Dec. 31, 2018</b>	<b>Jan. 15, 2018</b>	<b>Dec. 31, 2017</b>	<b>Jun. 15, 2017</b>
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Finance lease liabilities</a>	\$ 19,000,000		\$ 20,000,000	
<a href="#">7.950% Debentures due 2025</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Interest rate</a>	7.95%			
<a href="#">8.375% Debentures due 2027</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Interest rate</a>	8.375%			
<a href="#">Redemption price, percentage of principal amount redeemed</a>	100.00%			
<a href="#">6.000% Senior Subordinated Notes due 2017</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Interest rate</a>	6.00%			
<a href="#">6.400% Notes due 2018</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Aggregate principal amount repurchased</a>		\$ 16,000,000		
<a href="#">Interest rate</a>	6.40%	6.40%		
<a href="#">8.125% Debentures due 2017</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Aggregate principal amount repurchased</a>				\$ 300,000,000
<a href="#">Interest rate</a>	8.125%			8.125%
<a href="#">5.625% Senior Notes due 2016</a>				
<a href="#">Disclosure of detailed information about borrowings [line items]</a>				
<a href="#">Interest rate</a>	5.625%			

**Borrowings - Reconciliation  
of liabilities arising from  
financing activities (Details) -  
USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018 Dec. 31, 2017**

**Disclosure of detailed information about borrowings [line items]**

<u>Principal borrowings, beginning balance</u>	\$ 11,389	\$ 12,071
<u>Transaction costs, beginning balance</u>	(51)	(108)
<u>Cash flows</u>	(352)	(773)
<u>Capitalization of borrowing costs</u>	0	(10)
<u>Effects of movements in exchange rates</u>	(12)	34
<u>Other</u>	10	67
<u>Principal borrowings, ending balance</u>	11,035	11,389
<u>Transaction costs, ending balance</u>	(41)	(51)
<u>Cost</u>		

**Disclosure of detailed information about borrowings [line items]**

<u>Principal borrowings, beginning balance</u>	11,440	12,179
<u>Cash flows</u>	(352)	(773)
<u>Effects of movements in exchange rates</u>	(12)	34
<u>Principal borrowings, ending balance</u>	\$ 11,076	\$ 11,440

**Employee benefits -  
Summary of employee  
benefits liabilities (Details) -  
USD (\$)  
\$ in Millions**

**Dec. 31, 2018 Dec. 31, 2017**

**Disclosure of employee benefits [Abstract]**

<u>Salaries and wages accrued</u>	\$ 122	\$ 149
<u>Provision for annual leave</u>	33	40
<u>Provision for other employee benefits</u>	52	53
<u>Provision for exit from multi-employer pension plans</u>	64	70
<b><u>Defined benefit obligations:</u></b>		
<u>Pension benefits</u>	854	840
<u>Post-employment medical benefits</u>	94	106
<u>Total employee benefits liabilities</u>	1,219	1,258
<u>Current</u>	178	213
<u>Non-current</u>	\$ 1,041	\$ 1,045

Employee benefits - Narrative (Details) \$ in Millions	1 Months Ended	2 Months Ended	12 Months Ended			Nov. 08, 2016 plan
	Sep. 30, 2017 USD (\$)	Nov. 30, 2017 USD (\$)	Dec. 31, 2018 USD (\$) year	Dec. 31, 2017 USD (\$) year	Dec. 31, 2016 USD (\$)	Dec. 30, 2016 USD (\$)
<b>retiree_and_beneficiary</b>						
<b>Disclosure of net defined benefit liability (asset) [line items]</b>						
<a href="#">Pension (assets) and liabilities</a>			\$ 854	\$ 840	\$ 985	
<a href="#">Weighted average duration of pension plans   year</a>			10	10		
<a href="#">Recognized remeasurement gains (losses)</a>			\$ 20	\$ 174	113	
<a href="#">Gains (losses) from changes in demographic assumptions</a>			1	10	91	
<a href="#">Gains (losses) from changes in financial assumptions</a>			302	(265)	(138)	
<a href="#">Gains on plan assets</a>			(283)	429	160	
<a href="#">Current service cost</a>			9	9	10	
<a href="#">Administrative expense</a>			(33)	(35)	32	
<a href="#">Interest cost (income)</a>			29	38		
<a href="#">Plan net expense</a>			71	75	141	
<a href="#">Payments in respect of settlements</a>			0	0		
<a href="#">Gain (loss) on payments of settlements</a>			0	7	7	
<a href="#">Exposure to equity markets</a>			2,149	2,802		
<a href="#">Exposure to debt instruments</a>			658	616		
<a href="#">Exposure to property held</a>			429	403		
<a href="#">Expense in relation to contributions to these plans</a>			\$ 65	66	62	
<a href="#">Period in which settlement is to be paid</a>			17 years			
<a href="#">Expected annual payments PIUMPF</a>			\$ 4			
<b>Disclosure of net defined benefit liability (asset) [line items]</b>						
<a href="#">Multiemployer plan, settlement</a>				88		
<a href="#">Period in which settlement is to be paid</a>			20 years			
<a href="#">Liability of the present value of future payments</a>			\$ 56	61		
<a href="#">Other multi-employer plans</a>						

**Disclosure of net defined benefit liability (asset) [line items]**

Liability of the present value of future payments

8

Post-employment medical benefits

**Disclosure of net defined benefit liability (asset) [line items]**

Pension (assets) and liabilities

94 106 105

Expected contributions in the next 12 months

6

Recognized remeasurement gains (losses)

11 (2) 5

Gains (losses) from changes in demographic assumptions

4 6 7

Gains (losses) from changes in financial assumptions

7 (8) 2

Current service cost

1 1 1

Interest cost (income)

4 4 4

Plan net expense

\$ 5 \$ 5 \$ 5

Weighted average healthcare cost trend rate

8.20% 7.20% 7.00%

Defined benefit obligation

**Disclosure of net defined benefit liability (asset) [line items]**

Pension (assets) and liabilities

\$ 4,363 \$ 4,830 \$ 5,076

Recognized remeasurement gains (losses)

303 (255)

Gains (losses) from changes in demographic assumptions

1 10

Gains (losses) from changes in financial assumptions

302 (265)

Gains on plan assets

0 0

Current service cost

9 9

Administrative expense

0 0

Interest cost (income)

168 198 206

Plan net expense

177 200

Payments in respect of settlements

299 691

Gain (loss) on payments of settlements

0 7

Fair value of plan assets

**Disclosure of net defined benefit liability (asset) [line items]**

Pension (assets) and liabilities

(3,509) (3,990) (4,091)

Recognized remeasurement gains (losses)

(283) 429

<a href="#">Gains (losses) from changes in demographic assumptions</a>	0	0	
<a href="#">Gains (losses) from changes in financial assumptions</a>	0	0	
<a href="#">Gains on plan assets</a>	(283)	429	
<a href="#">Current service cost</a>	0	0	
<a href="#">Administrative expense</a>	(33)	(35)	
<a href="#">Interest cost (income)</a>	(139)	(160)	(165)
<a href="#">Plan net expense</a>	(106)	(125)	
<a href="#">Payments in respect of settlements</a>	(299)	(691)	
<a href="#">Gain (loss) on payments of settlements</a>	\$ 0	\$ 0	

#### [Pactiv Retirement Plan](#)

#### **[Disclosure of net defined benefit liability \(asset\) \[line items\]](#)**

<a href="#">Percentage of present value of pension plan obligations</a>	97.00%	96.00%	
<a href="#">Pension (assets) and liabilities</a>	\$ 795	\$ 764	
<a href="#">Expected contributions in the next 12 months</a>	0		
<a href="#">Plan net expense</a>	\$ 62	72	63
<a href="#">Number of retirees and surviving beneficiaries   retiree and beneficiary</a>	13,600		
<a href="#">Payments in respect of settlements</a>			43
<a href="#">Gain (loss) on payments of settlements</a>			\$ 7
<a href="#">Percentage of total plan assets</a>	98.00%		
<a href="#">Exposure to equity markets</a>	\$ 2,108		
<a href="#">Exposure to debt instruments</a>	641		
<a href="#">Exposure to property held</a>	422		
<a href="#">Cash held as collateral</a>	\$ 26	\$ 27	
<a href="#">Discount rates</a>	4.30%	3.60%	

#### [Pactiv Retirement Plan | U.S. equities](#)

#### **[Disclosure of net defined benefit liability \(asset\) \[line items\]](#)**

<a href="#">Exposure to equity markets</a>	\$ 1,989
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#### [Pactiv Retirement Plan | Non-U.S. equities](#)

#### **[Disclosure of net defined benefit liability \(asset\) \[line items\]](#)**

<a href="#">Exposure to equity markets</a>	119
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#### [Pactiv Retirement Plan | General and administration expenses](#)

#### **[Disclosure of net defined benefit liability \(asset\) \[line items\]](#)**



<a href="#">Plan net expense</a>	\$ 5		
<a href="#">Pactiv Retirement Plan   Defined benefit obligation</a>			
<b><a href="#">Disclosure of net defined benefit liability (asset) [line items]</a></b>			
<a href="#">Pension (assets) and liabilities</a>	\$ 308	4,234	\$ 4,646
<a href="#">Pactiv Retirement Plan   Fair value of plan assets</a>			
<b><a href="#">Disclosure of net defined benefit liability (asset) [line items]</a></b>			
<a href="#">Pension (assets) and liabilities</a>		(3,439)	(3,882)
<a href="#">UCI Pension Plans</a>			
<b><a href="#">Disclosure of net defined benefit liability (asset) [line items]</a></b>			
<a href="#">Pension (assets) and liabilities</a>			\$ 65
<a href="#">Number of defined benefit pension plans   plan</a>			3
<a href="#">Payments in respect of settlements</a>	\$ 60		
<a href="#">Gain (loss) on payments of settlements</a>		12	
<a href="#">UCI Pension Plans   Defined benefit obligation</a>			
<b><a href="#">Disclosure of net defined benefit liability (asset) [line items]</a></b>			
<a href="#">Pension (assets) and liabilities</a>			278
<a href="#">UCI Pension Plans   Fair value of plan assets</a>			
<b><a href="#">Disclosure of net defined benefit liability (asset) [line items]</a></b>			
<a href="#">Pension (assets) and liabilities</a>			\$ (213)
<a href="#">Other plans</a>			
<b><a href="#">Disclosure of net defined benefit liability (asset) [line items]</a></b>			
<a href="#">Pension (assets) and liabilities</a>		59	76
<a href="#">Expected contributions in the next 12 months</a>		6	
<a href="#">Other plans   Defined benefit obligation</a>			
<b><a href="#">Disclosure of net defined benefit liability (asset) [line items]</a></b>			
<a href="#">Pension (assets) and liabilities</a>		129	184
<a href="#">Other plans   Fair value of plan assets</a>			
<b><a href="#">Disclosure of net defined benefit liability (asset) [line items]</a></b>			
<a href="#">Pension (assets) and liabilities</a>		\$ (70)	\$ (108)

**Employee benefits -  
Movement in defined benefit  
pension obligations (Details)  
- USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018   Dec. 31, 2017   Dec. 31, 2016   Dec. 31, 2018   Dec. 31, 2017   Sep. 30, 2017**

**Disclosure of net defined benefit liability (asset)  
[line items]**

Liability for post-employment medical obligations as of the beginning of the year

\$ 840      \$ 985

**Included in profit or loss:**

Current service cost

9              9              \$ 10

Interest cost (income)

29             38

Administrative expenses

33             35             (32)

Settlement (gain)

0              (7)             (7)

Total expense (income) recognized in profit or loss

71             75             141

**Remeasurement (gains) losses:**

Demographic assumptions

(1)            (10)           (91)

Financial assumptions

(302)        265            138

Return on plan assets, excluding interest income

283           (429)        (160)

Total remeasurement (gains) losses

(20)          (174)        (113)

**Other movements:**

Contributions by the Group

(25)          (33)

Benefits paid by the plans

0              0

Business disposals

(13)          (15)

Effect of movements in exchange rates

1              2

Total other movements

(37)          (46)

Liability for post-employment medical obligations as of the end of the year

854           840           985

Total net pension benefits liability

840           985           985           \$ 854        \$ 840

Benefit liabilities

854           840

Continuing operations

**Other movements:**

Benefit liabilities

854           840

Funded plans

**Disclosure of net defined benefit liability (asset)  
[line items]**

Liability for post-employment medical obligations as of the beginning of the year

796

**Other movements:**

Liability for post-employment medical obligations as of the end of the year

814           796

Total net pension benefits liability

796           796           814           796

Unfunded plans

**Disclosure of net defined benefit liability (asset)****[line items]**

Liability for post-employment medical obligations as of the beginning of the year	44			
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**Other movements:**

Liability for post-employment medical obligations as of the end of the year	40	44		
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Total net pension benefits liability	44	44	40	44
Pactiv Retirement Plan				

**Disclosure of net defined benefit liability (asset)****[line items]**

Liability for post-employment medical obligations as of the beginning of the year	764			
---	-----	--	--	--

**Included in profit or loss:**

Settlement (gain)			(7)	
-------------------	--	--	-----	--

Total expense (income) recognized in profit or loss	62	72	63	
---	----	----	----	--

**Other movements:**

Benefits paid by the plans			(43)	
----------------------------	--	--	------	--

Liability for post-employment medical obligations as of the end of the year	795	764		
---	-----	-----	--	--

Total net pension benefits liability	764	764	795	764
--------------------------------------	-----	-----	-----	-----

Other plans				
-------------	--	--	--	--

**Disclosure of net defined benefit liability (asset)****[line items]**

Liability for post-employment medical obligations as of the beginning of the year	76			
---	----	--	--	--

**Other movements:**

Liability for post-employment medical obligations as of the end of the year	59	76		
---	----	----	--	--

Total net pension benefits liability	76	76	59	76
--------------------------------------	----	----	----	----

Defined benefit obligation				
----------------------------	--	--	--	--

**Disclosure of net defined benefit liability (asset)****[line items]**

Liability for post-employment medical obligations as of the beginning of the year	4,830	5,076		
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**Included in profit or loss:**

Current service cost	9	9		
----------------------	---	---	--	--

Interest cost (income)	168	198	206	
------------------------	-----	-----	-----	--

Administrative expenses	0	0		
-------------------------	---	---	--	--

Settlement (gain)	0	(7)		
-------------------	---	-----	--	--

Total expense (income) recognized in profit or loss	177	200		
---	-----	-----	--	--

**Remeasurement (gains) losses:**

Demographic assumptions	(1)	(10)		
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Financial assumptions	(302)	265		
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Return on plan assets, excluding interest income	0	0		
--	---	---	--	--

<u>Total remeasurement (gains) losses</u>	(303)	255			
<b><u>Other movements:</u></b>					
<u>Contributions by the Group</u>	0	0			
<u>Benefits paid by the plans</u>	(299)	(691)			
<u>Business disposals</u>	(42)	(15)			
<u>Effect of movements in exchange rates</u>	0	5			
<u>Total other movements</u>	(341)	(701)			
<u>Liability for post-employment medical obligations as of the end of the year</u>	4,363	4,830	5,076		
<u>Total net pension benefits liability</u>	4,830	5,076	5,076	4,363	4,830
<u>Defined benefit obligation   Pactiv Retirement Plan</u>					
<b><u>Disclosure of net defined benefit liability (asset)</u></b>					
<b><u>[line items]</u></b>					
<u>Liability for post-employment medical obligations as of the beginning of the year</u>	4,646				
<b><u>Other movements:</u></b>					
<u>Liability for post-employment medical obligations as of the end of the year</u>	4,234	4,646			
<u>Total net pension benefits liability</u>	4,646	4,646		4,234	4,646
<u>Defined benefit obligation   Other plans</u>					\$ 308
<b><u>Disclosure of net defined benefit liability (asset)</u></b>					
<b><u>[line items]</u></b>					
<u>Liability for post-employment medical obligations as of the beginning of the year</u>	184				
<b><u>Other movements:</u></b>					
<u>Liability for post-employment medical obligations as of the end of the year</u>	129	184			
<u>Total net pension benefits liability</u>	184	184		129	184
<u>Fair value of plan assets</u>					
<b><u>Disclosure of net defined benefit liability (asset)</u></b>					
<b><u>[line items]</u></b>					
<u>Liability for post-employment medical obligations as of the beginning of the year</u>	(3,990)	(4,091)			
<b><u>Included in profit or loss:</u></b>					
<u>Current service cost</u>	0	0			
<u>Interest cost (income)</u>	(139)	(160)	(165)		
<u>Administrative expenses</u>	33	35			
<u>Settlement (gain)</u>	0	0			
<u>Total expense (income) recognized in profit or loss</u>	(106)	(125)			
<b><u>Remeasurement (gains) losses:</u></b>					
<u>Demographic assumptions</u>	0	0			
<u>Financial assumptions</u>	0	0			
<u>Return on plan assets, excluding interest income</u>	283	(429)			
<u>Total remeasurement (gains) losses</u>	283	(429)			
<b><u>Other movements:</u></b>					

<u>Contributions by the Group</u>	(25)	(33)		
<u>Benefits paid by the plans</u>	299	691		
<u>Business disposals</u>	29	0		
<u>Effect of movements in exchange rates</u>	1	(3)		
<u>Total other movements</u>	304	655		
<u>Liability for post-employment medical obligations as of the end of the year</u>	(3,509)	(3,990)	(4,091)	
<u>Total net pension benefits liability</u>	(3,990)	(4,091)	\$ (4,091)	(3,509) (3,990)
<u>Fair value of plan assets   Pactiv Retirement Plan</u>				
<b><u>Disclosure of net defined benefit liability (asset)</u></b>				
<b><u>[line items]</u></b>				
<u>Liability for post-employment medical obligations as of the beginning of the year</u>	(3,882)			
<b><u>Other movements:</u></b>				
<u>Liability for post-employment medical obligations as of the end of the year</u>	(3,439)	(3,882)		
<u>Total net pension benefits liability</u>	(3,882)	(3,882)	(3,439)	(3,882)
<u>Fair value of plan assets   Other plans</u>				
<b><u>Disclosure of net defined benefit liability (asset)</u></b>				
<b><u>[line items]</u></b>				
<u>Liability for post-employment medical obligations as of the beginning of the year</u>	(108)			
<b><u>Other movements:</u></b>				
<u>Liability for post-employment medical obligations as of the end of the year</u>	(70)	(108)		
<u>Total net pension benefits liability</u>	\$ (108)	\$ (108)	\$ (70)	\$ (108)

**Employee benefits - Expense  
recognized in the statements  
of comprehensive income  
(Details) - USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016**

**Disclosure of defined benefit plans [line items]**

<u>Plan net expense</u>	\$ 71	\$ 75	\$ 141
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Continuing operations | Cost of sales

**Disclosure of defined benefit plans [line items]**

<u>Plan net expense</u>	13	14	14
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Continuing operations | General and administration expenses

**Disclosure of defined benefit plans [line items]**

<u>Plan net expense</u>	\$ 58	\$ 61	\$ 127
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**Employee benefits - Plan  
assets (Details) - USD (\$)  
\$ in Millions**

**Dec. 31, 2018 Dec. 31, 2017**

**Disclosure of employee benefits [Abstract]**

<u>Equity instruments</u>	\$ 2,149	\$ 2,802
<u>Debt instruments</u>	658	616
<u>Property</u>	429	403
<u>Other</u>	273	169
<u>Total plan assets</u>	\$ 3,509	\$ 3,990

**Employee benefits -  
Actuarial assumptions and  
Sensitivity analysis (Details)  
- USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018   Dec. 31, 2017   Dec. 31, 2016**

Assumed discount rate

**Disclosure of defined benefit plans [line items]**

Increase, Increase (decrease) in the net plan expense      \$ (6)

Decrease, Increase (decrease) in the net plan expense      5

Increase, Increase (decrease) in the defined benefit obligation      (205)

Decrease, Increase (decrease) in the defined benefit obligation      \$ 224

Bottom of range

**Disclosure of defined benefit plans [line items]**

Actuarial assumption of discount rates      0.50%      0.60%      0.60%

Future salary increases      0.00%      0.00%      0.00%

Future pension increases      0.00%      0.00%      0.00%

Top of range

**Disclosure of defined benefit plans [line items]**

Actuarial assumption of discount rates      9.60%      8.00%      8.00%

Future salary increases      6.20%      7.00%      7.00%

Future pension increases      1.80%      3.70%      3.70%



**Employee benefits -  
Movement in the post-  
employment medical  
obligations and percentage  
point changes (Details) -  
USD (\$)  
\$ in Millions**

**12 Months Ended**

	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>
<b><u>Disclosure of net defined benefit liability (asset) [line items]</u></b>			
<u>Liability for post-employment medical obligations as of the beginning of the year</u>	\$ 840	\$ 985	
<b><u>Included in profit or loss:</u></b>			
<u>Current service cost</u>	9	9	\$ 10
<u>Interest cost</u>	29	38	
<u>Total expense (income) recognized in profit or loss</u>	71	75	141
<b><u>Remeasurement (gains) losses:</u></b>			
<u>Actuarial (gains) losses from changes in demographic assumptions</u>	(1)	(10)	(91)
<u>Actuarial (gains) losses from changes in financial assumptions</u>	(302)	265	138
<u>Total remeasurement (gains) losses</u>	(20)	(174)	(113)
<b><u>Other movements:</u></b>			
<u>Total other movements</u>	(37)	(46)	
<u>Liability for post-employment medical obligations as of the end of the year</u>	854	840	985
<u>Assumed discount rate</u>			
<b><u>Other movements:</u></b>			
<u>Increase, Increase (decrease) in the post-employment medical obligations</u>	(205)		
<u>Decrease, Increase (decrease) in the post-employment medical obligations</u>	224		
<u>Increase, Increase (decrease) in the net plan expense</u>	(6)		
<u>Decrease, Increase (decrease) in the net plan expense</u>	5		
<u>Post-employment medical benefits</u>			
<b><u>Disclosure of net defined benefit liability (asset) [line items]</u></b>			
<u>Liability for post-employment medical obligations as of the beginning of the year</u>	106	105	
<b><u>Included in profit or loss:</u></b>			
<u>Current service cost</u>	1	1	1
<u>Interest cost</u>	4	4	4
<u>Total expense (income) recognized in profit or loss</u>	5	5	5
<b><u>Remeasurement (gains) losses:</u></b>			
<u>Actuarial (gains) losses from changes in demographic assumptions</u>	(4)	(6)	(7)
<u>Actuarial (gains) losses from changes in financial assumptions</u>	(7)	8	(2)
<u>Total remeasurement (gains) losses</u>	(11)	2	(5)
<b><u>Other movements:</u></b>			
<u>Benefits paid by the plans</u>	(6)	(6)	
<u>Total other movements</u>	(6)	(6)	

<u>Liability for post-employment medical obligations as of the end of the year</u>	94	\$ 106	\$ 105
<u>Post-employment medical benefits   Assumed health care cost trend rates</u>			
<b><u>Other movements:</u></b>			
<u>Increase, Increase (decrease) in the net plan expense</u>	0		
<u>Decrease, Increase (decrease) in the net plan expense</u>	0		
<u>Increase, Increase (decrease) in the post-employment medical obligations</u>	2		
<u>Decrease, Increase (decrease) in the post-employment medical obligations</u>	(2)		
<u>Post-employment medical benefits   Assumed discount rate</u>			
<b><u>Other movements:</u></b>			
<u>Increase, Increase (decrease) in the post-employment medical obligations</u>	(5)		
<u>Decrease, Increase (decrease) in the post-employment medical obligations</u>	5		
<u>Increase, Increase (decrease) in the net plan expense</u>	0		
<u>Decrease, Increase (decrease) in the net plan expense</u>	\$ 0		

**Provisions (Details) - USD**  
**(\$)**  
**\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018    Dec. 31, 2018    Dec. 31, 2017**

**Reconciliation of changes in other provisions [abstract]**

<u>Other provisions, beginning balance</u>	\$ 128		
<u>Provisions made</u>	39		
<u>Provisions used</u>	(37)		
<u>Provisions reversed</u>	(7)		
<u>Other</u>	0		
<u>Other provisions, ending balance</u>	123		
<u>Current</u>		\$ 43	\$ 39
<u>Non-current</u>		80	89
<u>Total provisions</u>	128	123	128

**Asset retirement obligations**

**Reconciliation of changes in other provisions [abstract]**

<u>Other provisions, beginning balance</u>	44		
<u>Provisions made</u>	0		
<u>Provisions used</u>	0		
<u>Provisions reversed</u>	0		
<u>Other</u>	1		
<u>Other provisions, ending balance</u>	45		
<u>Current</u>		5	2
<u>Non-current</u>		40	42
<u>Total provisions</u>	44	45	44

**Restructuring**

**Reconciliation of changes in other provisions [abstract]**

<u>Other provisions, beginning balance</u>	19		
<u>Provisions made</u>	16		
<u>Provisions used</u>	(16)		
<u>Provisions reversed</u>	(5)		
<u>Other</u>	0		
<u>Other provisions, ending balance</u>	14		
<u>Current</u>		11	13
<u>Non-current</u>		3	6
<u>Total provisions</u>	19	14	19

**Workers' compensation**

**Reconciliation of changes in other provisions [abstract]**

<u>Other provisions, beginning balance</u>	42		
<u>Provisions made</u>	13		
<u>Provisions used</u>	(15)		
<u>Provisions reversed</u>	(1)		
<u>Other</u>	(2)		
<u>Other provisions, ending balance</u>	37		

<u>Current</u>		11	13
<u>Non-current</u>		26	29
<u>Total provisions</u>	42	37	42
<u>Other</u>			
<b><u>Reconciliation of changes in other provisions [abstract]</u></b>			
<u>Other provisions, beginning balance</u>	23		
<u>Provisions made</u>	10		
<u>Provisions used</u>	(6)		
<u>Provisions reversed</u>	(1)		
<u>Other</u>	1		
<u>Other provisions, ending balance</u>	27		
<u>Current</u>		16	11
<u>Non-current</u>		11	12
<u>Total provisions</u>	23	27	23
<u>Other environmental remediation provisions</u>			
<b><u>Reconciliation of changes in other provisions [abstract]</u></b>			
<u>Other provisions, beginning balance</u>	7		
<u>Other provisions, ending balance</u>	6		
<u>Total provisions</u>	\$ 7	\$ 6	\$ 7

**Equity (Details) - USD (\$)****12 Months Ended**  
**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016****Reconciliation of number of shares outstanding [abstract]**

<u>Number of shares, beginning balance</u>	71,500,004	71,500,004	71,500,004
<u>Changes in shares</u>	0	0	0
<u>Number of shares, ending balance</u>	71,500,004	71,500,004	71,500,004
<u>Dividends paid</u>	\$ 0	\$ 0	\$ 0
<u>Dividends declared</u>	\$ 0	\$ 0	\$ 0

<b>Financial risk management - Interest rate risk (Details) - Interest rate risk - USD (\$) \$ in Millions</b>	<b>12 Months Ended</b>	
	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017      Jul. 31, 2016</b>
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	\$ (9,965)	\$ (10,494)
<a href="#">Basis points</a>	100.00%	
<a href="#">EURIBOR</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Underlying rates</a>	(0.36%)	
<a href="#">Less than one year</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	\$ (3,590)	(3,819)
<a href="#">One to three years</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	(3,488)	(3,141)
<a href="#">Three to five years</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	(1,604)	(650)
<a href="#">Greater than five years</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	(1,283)	(2,884)
<a href="#">Fixed rate instruments</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	(6,377)	(6,694)
<a href="#">Fixed rate instruments   Less than one year</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	(2)	(19)
<a href="#">Fixed rate instruments   One to three years</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	(3,488)	(3,141)
<a href="#">Fixed rate instruments   Three to five years</a>		
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>		
<a href="#">Rate instruments</a>	(1,604)	(650)

<a href="#">Fixed rate instruments   Greater than five years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	(1,283)	(2,884)
<a href="#">Floating rate instruments</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	(3,588)	(3,800)
<a href="#">Floating rate instruments   European Term Loans</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Assumed interest rate increase, resulting in an increase in interest expense</a>	2	
<a href="#">Assumed interest rate decrease, resulting in a decrease in interest expense</a>	0	
<a href="#">Floating rate instruments   U.S. Term Loans</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Assumed interest rate increase, resulting in an increase in interest expense</a>	32	
<a href="#">Assumed interest rate decrease, resulting in a decrease in interest expense</a>	32	
<a href="#">Floating rate instruments   Securitization Facility</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Assumed change in interest rate, resulting in change in interest expense</a>	4	
<a href="#">Floating rate instruments   Less than one year</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	(3,588)	(3,800)
<a href="#">Floating rate instruments   One to three years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	0	0
<a href="#">Floating rate instruments   Three to five years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	0	0
<a href="#">Floating rate instruments   Greater than five years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	\$ 0	0
<a href="#">Three-month Dollar LIBOR   Floating Rate Senior Secured Notes due 2021</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Variable interest rate</a>	2.44%	
<a href="#">LIBOR</a>		

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Underlying rates 2.52%

One-month LIBOR | Securitization Facility

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Variable interest rate 2.47%

Borrowings | Fixed rate instruments

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Percentage of overall exposure to changes in interest rates on borrowings (at least) 50.00%

Rate instruments \$ (6,377) (6,694)

Borrowings | Fixed rate instruments | Less than one year

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Rate instruments (2) (19)

Borrowings | Fixed rate instruments | One to three years

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Rate instruments (3,488) (3,141)

Borrowings | Fixed rate instruments | Three to five years

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Rate instruments (1,604) (650)

Borrowings | Fixed rate instruments | Greater than five years

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Rate instruments (1,283) (2,884)

Borrowings | Floating rate instruments

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Rate instruments (4,699) (4,746)

Borrowings | Floating rate instruments | Less than one year

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Rate instruments (4,699) (4,746)

Borrowings | Floating rate instruments | One to three years

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Rate instruments 0 0

Borrowings | Floating rate instruments | Three to five years

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Rate instruments 0 0



<a href="#">Borrowings   Floating rate instruments   Greater than five years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	0	0
<a href="#">Cash and cash equivalents   Floating rate instruments</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	(783)	(617)
<a href="#">Cash and cash equivalents   Floating rate instruments   Less than one year</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	(783)	(617)
<a href="#">Cash and cash equivalents   Floating rate instruments   One to three years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	0	0
<a href="#">Cash and cash equivalents   Floating rate instruments   Three to five years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	0	0
<a href="#">Cash and cash equivalents   Floating rate instruments   Greater than five years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	0	0
<a href="#">Related party receivables   Floating rate instruments</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	(328)	(329)
<a href="#">Related party receivables   Floating rate instruments   Less than one year</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	(328)	(329)
<a href="#">Related party receivables   Floating rate instruments   One to three years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	0	0
<a href="#">Related party receivables   Floating rate instruments   Three to five years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Rate instruments</a>	0	0
<a href="#">Related party receivables   Floating rate instruments   Greater than five years</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		

<a href="#">Rate instruments</a>	\$ 0	\$ 0
<a href="#">Interest rate swap derivatives   Floating Rate Senior Secured Notes due 2021</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Fixed interest rate</a>	4.67%	
<a href="#">Interest rate swap derivatives   Floating Rate Senior Secured Notes due 2021   Cost</a>		
<b><a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a></b>		
<a href="#">Interest rate swap</a>		\$ 750

Financial risk management - Commodity and other price risk (Details) pound in Millions, million_BTU in Millions, metric_tonne in Millions, U.S._liquid_gallon in Millions, \$ in Millions	12 Months Ended		
	Dec. 31, 2018 USD (\$) metric_tonne \$/ metric_tonne \$/ million_BTU \$/ pound pound million_BTU U.S._liquid_gallon \$/ U.S._liquid_gallon	Dec. 31, 2017 USD (\$)	Dec. 31, 2016 USD (\$)
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>			
<a href="#">Unrealized gain (loss) on derivatives   \$</a>	\$ (22)	\$ 0	\$ 18
<a href="#">Commodity price risk</a>			
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>			
<a href="#">Basis points</a>	10.00%		
<a href="#">Commodity price risk   Unrealized gains (losses)</a>			
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>			
<a href="#">Unrealized gain (loss) on derivatives   \$</a>	\$ (22)	1	22
<a href="#">Reasonably possible change in risk variable, impact on pre-tax earnings   \$</a>	2		
<a href="#">Commodity price risk   Component of cost of sales</a>			
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>			
<a href="#">Net loss in fair value of derivatives   \$</a>	\$ (18)	\$ 20	\$ (17)
<a href="#">Resin swaps   US dollars   Bottom of range   Swaps   Commodity price risk</a>			
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>			
<a href="#">Contracted price range</a>	0.85		
<a href="#">Resin swaps   US dollars   Top of range   Swaps   Commodity price risk</a>			
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>			
<a href="#">Contracted price range</a>	0.85		
<a href="#">High density polyethylene swaps   Currency forwards   Commodity price risk</a>			
<a href="#">Disclosure of nature and extent of risks arising from financial instruments [line items]</a>			
<a href="#">Contracted volume   pound</a>	9,600,000		
<a href="#">Aluminum swaps   Swaps   Commodity price risk</a>			

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted volume | metric\_tonne 34,711

Aluminum swaps | US dollars | Bottom of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range | \$ / metric\_tonne 1,925.00

Aluminum swaps | US dollars | Top of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range | \$ / metric\_tonne 2,499.5

Aluminum Midwest Premium swaps | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted volume | pound 4,126

Aluminum Midwest Premium swaps | US dollars | Bottom of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range 403.45

Aluminum Midwest Premium swaps | US dollars | Top of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range 407.85

Natural gas swaps | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted volume | million\_BTU 3,508,032

Natural gas swaps | US dollars | Bottom of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range | \$ / million\_BTU 2.58

Natural gas swaps | US dollars | Top of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range | \$ / million\_BTU 3.14

Ethylene | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted volume | pound 2,730,973

Ethylene | US dollars | Bottom of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range 0.29

Ethylene | US dollars | Top of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range 0.29

Polymer-grade propylene swaps | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted volume | pound 29,590,584

Polymer-grade propylene swaps | US dollars | Bottom of range | Swaps |

Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range 0.44

Polymer-grade propylene swaps | US dollars | Top of range | Swaps |

Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range 0.61

Benzene swaps | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted volume | U.S. liquid gallon 9,826,568

Benzene swaps | US dollars | Bottom of range | Swaps | Commodity

price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range | \$ / U.S. liquid gallon 2.24

Benzene swaps | US dollars | Top of range | Swaps | Commodity price

risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range | \$ / U.S. liquid gallon 3.07

Diesel swaps | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted volume | U.S. liquid gallon 5,020,626

Diesel swaps | US dollars | Bottom of range | Swaps | Commodity price

risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range | \$ / U.S. liquid gallon 2.88

Diesel swaps | US dollars | Top of range | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range | \$ / U.S. \_liquid\_ gallon 3.42

Low-density polyethylene swaps | Swaps | Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted volume | pound 18,000,000

Low-density polyethylene swaps | US dollars | Bottom of range | Swaps

| Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range 0.85

Low-density polyethylene swaps | US dollars | Top of range | Swaps |

Commodity price risk

**Disclosure of nature and extent of risks arising from financial instruments [line items]**

Contracted price range 0.93

**Financial risk management -  
Liquidity risk (Details) -  
USD (\$)  
\$ in Millions**

**Dec. 31, Dec. 31, Dec. 31, Dec. 31,  
2018 2017 2016 2015**

**Disclosure Of Maturity Analysis For Derivative And NonDerivative  
Financial Liabilities [Line Items]**

<u>Cash and cash equivalents</u>	\$ 783	\$ 617	\$ 932	\$ 1,977
<u>Undrawn availability</u>	244			

**Non-derivative financial liabilities**

<u>Carrying amount, Borrowings, including interest</u>	(11,035)	(11,389)	\$ (12,071)	
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**Commodity and foreign currency derivatives:**

<u>Carrying amount, Total</u>	(12,261)	(12,552)		
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**Liquidity risk**

**Non-derivative financial liabilities**

<u>Carrying amount, Trade and other payables</u>	(1,163)	(1,116)		
<u>Trade and other payables</u>	(1,015)	(984)		
<u>Carrying amount, Borrowings, including interest</u>	(11,035)	(11,389)		
<u>Borrowings, including interest</u>	(14,302)	(14,253)		
<u>Carrying amount, Non-derivative financial liabilities</u>	(12,198)	(12,505)		
<u>Non-derivative financial liabilities</u>	(15,317)	(15,237)		

**Commodity and foreign currency derivatives:**

<u>Carrying amount, Derivative financial assets (liabilities)</u>	(17)	5		
<u>Derivative financial assets (liabilities)</u>	(17)	5		
<u>Carrying amount, Total</u>	(12,215)	(12,500)		
<u>Total</u>	(15,334)	(15,232)		

**Liquidity risk | Commodity and foreign currency derivatives:**

**Commodity and foreign currency derivatives:**

<u>Carrying amount, Inflows</u>	0	5		
<u>Inflows</u>	8	7		
<u>Carrying amount, Outflows</u>	(17)	0		
<u>Outflows</u>	(25)	(2)		

**Liquidity risk | Less than one year**

**Non-derivative financial liabilities**

<u>Trade and other payables</u>	(1,015)	(984)		
<u>Borrowings, including interest</u>	(1,118)	(1,069)		
<u>Non-derivative financial liabilities</u>	(2,133)	(2,053)		

**Commodity and foreign currency derivatives:**

<u>Derivative financial assets (liabilities)</u>	(17)	5		
<u>Total</u>	(2,150)	(2,048)		

**Liquidity risk | Less than one year | Commodity and foreign currency derivatives:**

**Commodity and foreign currency derivatives:**

<u>Inflows</u>	8	7		
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<u>Outflows</u>	(25)	(2)
<u>Liquidity risk   One to three years</u>		
<b><u>Non-derivative financial liabilities</u></b>		
<u>Trade and other payables</u>	0	0
<u>Borrowings, including interest</u>	(5,459)	(4,394)
<u>Non-derivative financial liabilities</u>	(5,459)	(4,394)
<b><u>Commodity and foreign currency derivatives:</u></b>		
<u>Derivative financial assets (liabilities)</u>	0	0
<u>Total</u>	(5,459)	(4,394)
<u>Liquidity risk   One to three years   Commodity and foreign currency derivatives:</u>		
<b><u>Commodity and foreign currency derivatives:</u></b>		
<u>Inflows</u>	0	0
<u>Outflows</u>	0	0
<u>Liquidity risk   Three to five years</u>		
<b><u>Non-derivative financial liabilities</u></b>		
<u>Trade and other payables</u>	0	0
<u>Borrowings, including interest</u>	(6,281)	(2,172)
<u>Non-derivative financial liabilities</u>	(6,281)	(2,172)
<b><u>Commodity and foreign currency derivatives:</u></b>		
<u>Derivative financial assets (liabilities)</u>	0	0
<u>Total</u>	(6,281)	(2,172)
<u>Liquidity risk   Three to five years   Commodity and foreign currency derivatives:</u>		
<b><u>Commodity and foreign currency derivatives:</u></b>		
<u>Inflows</u>	0	0
<u>Outflows</u>	0	0
<u>Liquidity risk   Greater than five years</u>		
<b><u>Non-derivative financial liabilities</u></b>		
<u>Trade and other payables</u>	0	0
<u>Borrowings, including interest</u>	(1,444)	(6,618)
<u>Non-derivative financial liabilities</u>	(1,444)	(6,618)
<b><u>Commodity and foreign currency derivatives:</u></b>		
<u>Derivative financial assets (liabilities)</u>	0	0
<u>Total</u>	(1,444)	(6,618)
<u>Liquidity risk   Greater than five years   Commodity and foreign currency derivatives:</u>		
<b><u>Commodity and foreign currency derivatives:</u></b>		
<u>Inflows</u>	0	0
<u>Outflows</u>	\$ 0	\$ 0



**Financial risk management -  
Classification and fair values  
(Details) - USD (\$)  
\$ in Millions**

**Dec. 31, 2018 Dec. 31, 2017**

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total assets</u>	\$ 2,293	\$ 2,397
<u>Fair value, Total assets</u>	2,293	2,397
<u>Total liabilities</u>	(12,261)	(12,552)
<u>Fair value, Total liabilities</u>	(12,159)	(12,859)
<u>Fair value through profit or loss</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	(18)	(2)
<u>Other liabilities</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	(12,243)	(12,550)
<u>Trade and other payables</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	(1,163)	(1,116)
<u>Fair value, Total liabilities</u>	(1,163)	(1,116)
<u>Trade and other payables   Fair value through profit or loss</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	0	0
<u>Trade and other payables   Other liabilities</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	(1,163)	(1,116)
<u>Non-current payables</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	(45)	(45)
<u>Fair value, Total liabilities</u>	(45)	(45)
<u>Non-current payables   Fair value through profit or loss</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	0	0
<u>Non-current payables   Other liabilities</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	(45)	(45)
<u>Commodity derivatives</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	(18)	(2)
<u>Fair value, Total liabilities</u>	(18)	(2)
<u>Commodity derivatives   Fair value through profit or loss</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	(18)	(2)
<u>Commodity derivatives   Other liabilities</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total liabilities</u>	0	0
<u>Borrowings</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total liabilities</u>	(11,035)	(11,389)
<u>Fair value, Total liabilities</u>	(10,933)	(11,696)
<u>Borrowings   Fair value through profit or loss</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total liabilities</u>	0	0
<u>Borrowings   Other liabilities</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total liabilities</u>		(11,389)
<u>Cash and cash equivalents</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	783	617
<u>Fair value, Total assets</u>	783	617
<u>Current and non-current receivables</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	1,469	1,488
<u>Fair value, Total assets</u>	1,469	1,488
<u>Commodity derivatives</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	1	7
<u>Fair value, Total assets</u>	1	7
<u>Interest rate swap derivatives</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	28	26
<u>Fair value, Total assets</u>	28	26
<u>Embedded derivatives</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	12	259
<u>Fair value, Total assets</u>	12	259
<u>Fair value through profit or loss</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	41	292
<u>Fair value through profit or loss   Cash and cash equivalents</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	0	0
<u>Fair value through profit or loss   Current and non-current receivables</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	0	0
<u>Fair value through profit or loss   Commodity derivatives</u>		
<b><u>Disclosure of Financial Assets and Liabilities [Line Items]</u></b>		
<u>Total assets</u>	1	7
<u>Fair value through profit or loss   Interest rate swap derivatives</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total assets</u>	28	26
<u>Fair value through profit or loss   Embedded derivatives</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total assets</u>	12	259
<u>Cash, loans and receivables</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total assets</u>	2,252	2,105
<u>Cash, loans and receivables   Cash and cash equivalents</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total assets</u>	783	617
<u>Cash, loans and receivables   Current and non-current receivables</u>		

**Disclosure of Financial Assets and Liabilities [Line Items]**

<u>Total assets</u>	\$ 1,469	\$ 1,488
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**Financial risk management -  
Fair value measurements  
(Details) - USD (\$)  
\$ in Millions**

**Dec. 31, 2018 Dec. 31, 2017**

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	\$ 1,626	\$ 1,652
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Fair value

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	23	290
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Fair value | Commodity derivatives, net

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	(17)	5
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Fair value | Foreign currency derivatives, net

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>		0
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Fair value | Interest rate swap derivatives

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	28	26
--	----	----

Fair value | Embedded derivatives

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	12	259
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Fair value | Level 1

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	0	0
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Fair value | Level 1 | Commodity derivatives, net

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	0	0
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Fair value | Level 1 | Foreign currency derivatives, net

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>		0
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Fair value | Level 1 | Interest rate swap derivatives

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	0	0
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Fair value | Level 1 | Embedded derivatives

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	0	0
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Fair value | Level 2

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	23	290
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Fair value | Level 2 | Commodity derivatives, net

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>	(17)	5
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Fair value | Level 2 | Foreign currency derivatives, net

**Disclosure of fair value measurement of assets [line items]**

<u>Derivative financial assets (liabilities)</u>		0
<u>Fair value   Level 2   Interest rate swap derivatives</u>		
<b><u>Disclosure of fair value measurement of assets [line items]</u></b>		
<u>Derivative financial assets (liabilities)</u>	28	26
<u>Fair value   Level 2   Embedded derivatives</u>		
<b><u>Disclosure of fair value measurement of assets [line items]</u></b>		
<u>Derivative financial assets (liabilities)</u>	12	259
<u>Fair value   Level 3</u>		
<b><u>Disclosure of fair value measurement of assets [line items]</u></b>		
<u>Derivative financial assets (liabilities)</u>	0	0
<u>Fair value   Level 3   Commodity derivatives, net</u>		
<b><u>Disclosure of fair value measurement of assets [line items]</u></b>		
<u>Derivative financial assets (liabilities)</u>	0	0
<u>Fair value   Level 3   Foreign currency derivatives, net</u>		
<b><u>Disclosure of fair value measurement of assets [line items]</u></b>		
<u>Derivative financial assets (liabilities)</u>		0
<u>Fair value   Level 3   Interest rate swap derivatives</u>		
<b><u>Disclosure of fair value measurement of assets [line items]</u></b>		
<u>Derivative financial assets (liabilities)</u>	0	0
<u>Fair value   Level 3   Embedded derivatives</u>		
<b><u>Disclosure of fair value measurement of assets [line items]</u></b>		
<u>Derivative financial assets (liabilities)</u>	\$ 0	\$ 0

**Related parties - Key  
management personnel  
compensation (Details) -  
USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016**

**Related Party [Abstract]**

<u>Short-term employee benefits</u>	\$ 13	\$ 15	\$ 17
<u>Long-term employee benefits</u>	3	3	4
<u>Total compensation expense to key management personnel</u>	\$ 16	\$ 18	\$ 21

<b>Related parties - Transactions (Details) - USD (\$) \$ in Millions</b>	<b>1 Months Ended</b>			
	<b>12 Months Ended</b>			
	<b>Aug. 31, 2017</b>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>
<b><u>Disclosure of transactions between related parties [line items]</u></b>				
Included in trade and other receivables, net		\$ 13	\$ 8	
Management fee, percentage of group's adjusted EBITDA (up to)		1.50%		
Payment for management fees related to prior fiscal year		\$ 28		
Bottom of range				
<b><u>Disclosure of transactions between related parties [line items]</u></b>				
Receivables, interest rate		5.16%	5.16%	5.31%
Top of range				
<b><u>Disclosure of transactions between related parties [line items]</u></b>				
Receivables, interest rate		5.26%	5.25%	5.78%
Balances and transactions with immediate and ultimate parent entities				
<b><u>Disclosure of transactions between related parties [line items]</u></b>				
Included in trade and other payables		\$ 0	\$ 0	
Tax loss transfer		0	0	\$ (16)
Balances and transactions with joint ventures				
<b><u>Disclosure of transactions between related parties [line items]</u></b>				
Included in trade and other receivables, net		12	8	
Sale of goods and services		\$ 28	22	24
Balances and transactions with joint ventures   Bottom of range				
<b><u>Disclosure of transactions between related parties [line items]</u></b>				
Receivables, adjustment to interest rate basis		3.00%		
Balances and transactions with joint ventures   Top of range				
<b><u>Disclosure of transactions between related parties [line items]</u></b>				
Receivables, adjustment to interest rate basis		6.00%		
Balances and transactions with Rank Group Limited				
<b><u>Disclosure of transactions between related parties [line items]</u></b>				
Included in trade and other payables		\$ (32)	(31)	
Tax loss transfer		(3)	(1)	(4)
Included in trade and other receivables, net		328	329	
Interest income		17	17	17

<a href="#">Recharges</a>	(1)	(5)	(7)
<a href="#">Management fee</a>	(28)	(31)	(47)
<a href="#">Payment for management fees related to prior fiscal year</a>	\$ 31	31	30
<a href="#">Payment for management fees related to prior fiscal years</a>		15	
<a href="#">Repayment of related party loan receivable</a>	\$ 24		
<a href="#">Repayment of related party balances</a>	23		
<a href="#">Balances and transactions with Rank Group Limited   Continuing operations</a>			
<b><a href="#">Disclosure of transactions between related parties [line items]</a></b>			
<a href="#">Payment for management fees related to prior fiscal years</a>		8	
<a href="#">Balances and transactions with Rank Group Limited   Floating rate instruments</a>			
<b><a href="#">Disclosure of transactions between related parties [line items]</a></b>			
<a href="#">Receivables, adjustment to interest rate basis</a>	3.25%		
<a href="#">Balances and transactions with Rank Group North America, Inc.</a>			
<b><a href="#">Disclosure of transactions between related parties [line items]</a></b>			
<a href="#">Included in trade and other payables</a>	\$ 0	0	
<a href="#">Included in trade and other receivables, net</a>	0	0	
<a href="#">Recharges</a>	(17)	(16)	(15)
<a href="#">Recharges</a>	2	1	4
<a href="#">Balances and transactions with other related parties</a>			
<b><a href="#">Disclosure of transactions between related parties [line items]</a></b>			
<a href="#">Included in trade and other payables</a>	(1)	(1)	
<a href="#">Included in trade and other receivables, net</a>	1	0	
<a href="#">Recharges</a>	\$ 5	\$ 5	\$ 3
<a href="#">Packaging Holdings Limited</a>			
<b><a href="#">Disclosure of transactions between related parties [line items]</a></b>			
<a href="#">Repayment of related party balances</a>	\$ 1		



Group entities (Details)	12 Months Ended	
	Dec. 31, 2018	Dec. 31, 2017
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	
<u>Alusud Argentina S.R.L.</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	
<u>Graham Packaging Argentina S.R.L.</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	
<u>Gulf Closures W.L.L.</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	49.00%	49.00%
<u>Voting interest</u>	49.00%	
<u>Graham Packaging Belgium BVBA</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	
<u>Graham Packaging Lummen BVBA</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	
<u>Closure Systems International (Brazil) Sistemas de Vedacao Ltda.</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	
<u>Graham Packaging do Brasil Indústria e Comércio Ltda.</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	
<u>Graham Packaging Paraná Ltda.</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	
<u>Resin Rio Comercio Ltda.</u>		
<b><u>Disclosure of subsidiaries [line items]</u></b>		
<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	
<u>CSI Latin American Holdings Corporation</u>		

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Evergreen Packaging Canada Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging Canada Company

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Pactiv Canada Inc.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Reynolds Consumer Products Canada Inc.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Alusud Embalajes Chile Ltda.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Closure Systems International (Guangzhou) Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

CSI Closure Systems (Hangzhou) Co., Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

CSI Closure Systems (Tianjin) Co., Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

Evergreen Packaging (Shanghai) Co., Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging (Guangzhou) Co., Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

Graham Packaging (Taizhou) Co., Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Reynolds Metals (Shanghai) Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Techne Machineries Foshan Ltd (in liquidation)

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Zhejiang Zhongbao Pactiv Packaging Co., Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	62.50%	62.50%
<u>Voting interest</u>	62.50%	

Alusud Embalajes Colombia Ltda.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Closure Systems International (Colombia Trade) S.A.S.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

CSI Closure Systems Manufacturing de Centro America, Sociedad de Responsabilidad Limitada

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Closure Systems International (Egypt) LLC

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Evergreen Packaging de El Salvador, S.A. de C.V.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging Company Oy

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging Europe S.N.C.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

[Graham Packaging France S.A.S.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

[Graham Packaging Normandy S.A.R.L.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

[Graham Packaging Villecomtal S.A.R.L.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

[Closure Systems International Machinery \(Germany\) GmbH](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

[Pactiv Deutschland Holdinggesellschaft mbH](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

[Pactiv-Omni Germany Holdings GmbH\(b\)](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	0.00%	100.00%
<a href="#">Voting interest</a>	0.00%	

[Closure Investment Holdings \(Hong Kong\) Limited](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

[GP Asia Limited](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

[PT. Graham Packaging Indonesia](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	0.00%	100.00%
<a href="#">Voting interest</a>	0.00%	

[Technegen International Limited](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

[CSI Hungary Manufacturing and Trading Limited Liability Company](#)

**[Disclosure of subsidiaries \[line items\]](#)**

<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	

Closure Systems International (I) Private Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

PT. Graham Packaging Indonesia

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Closure Systems International Japan, Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Closure Systems International (Korea), Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

Evergreen Packaging Korea Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging European Holdings (Luxembourg) S.à r.l.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging European Holdings (Luxembourg) I S.à r.l.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging European Holdings (Luxembourg) II S.à r.l.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

CSI en Ensenada, S. de R.L. de C.V.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

CSI en Saltillo, S. de R.L. de C.V.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

CSI Tecniservicio, S. de R.L. de C.V.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

[Graham Packaging Plastic Products de Mexico, S. de R.L. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Grupo Corporativo Jaguar, S.A. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Grupo CSI de México, S. de R.L. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Innovación y Asesoría en Plástico, S. de R.L. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Pactiv Foodservice Mexico, S. de R.L. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Pactiv Mexico, S. de R.L. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Servicio Terrestre Jaguar, S.A. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 0.00% 100.00%

[Voting interest](#) 0.00%

[Servicios Graham Packaging, S. de R.L. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Servicios Industriales Jaguar, S.A. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Servicios Integrales de Operacion, S.A. de C.V.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Closure Systems International Nepal Private Limited](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 0.00% 100.00%

[Voting interest](#) 0.00%

<a href="#">Graham Packaging Holdings B.V.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Graham Packaging Zoetermeer B.V.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Beverage Packaging (New Zealand) Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Beverage Packaging Factoring Trust</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	0.00%	0.00%
<a href="#">Voting interest</a>	0.00%	
<a href="#">Beverage Packaging Holdings I Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Beverage Packaging Holdings III Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Beverage Packaging Holdings V Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Closure Systems International Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Evergreen Packaging International Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Reynolds Group Issuer (New Zealand) Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Reynolds Packaging I Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	0.00%
<a href="#">Voting interest</a>	100.00%	

<a href="#">Reynolds Packaging International Limited</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Alusud Peru S.A.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Closure Systems International (Philippines), Inc.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	0.00%	100.00%
<a href="#">Voting interest</a>	0.00%	
<a href="#">Graham Packaging Poland Sp. z o.o.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">CSI Vostok Limited Liability Company (in liquidation)</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Pactiv Asia Pte Ltd</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Closure Systems International España, S.L.U.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Closure Systems International Holdings (Spain), S.A.U.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	0.00%	100.00%
<a href="#">Voting interest</a>	0.00%	
<a href="#">Graham Packaging Iberica S.L.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	
<a href="#">Reynolds Food Packaging Spain, S.L.U.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	0.00%	100.00%
<a href="#">Voting interest</a>	0.00%	
<a href="#">Evergreen Packaging (Taiwan) Co., Ltd.</a>		
<b><a href="#">Disclosure of subsidiaries [line items]</a></b>		
<a href="#">Ownership interest</a>	100.00%	100.00%
<a href="#">Voting interest</a>	100.00%	



Closure Systems International Plastik Ithalat Ihracat Sanayi Ve Ticaret Limited Sirketi

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging European Services Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Graham Packaging Plastics Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

Ivex Holdings, Ltd.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

Ivex Plastics Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

Kama Europe Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

Pactiv (Films) Limited

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

Baker's Choice Products, Inc.

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	0.00%	100.00%
<u>Voting interest</u>	0.00%	

BCP/Graham Holdings LLC

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Blue Ridge Holding LLC

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

Blue Ridge Paper Products LLC

**Disclosure of subsidiaries [line items]**

<u>Ownership interest</u>	100.00%	100.00%
<u>Voting interest</u>	100.00%	

BRPP, LLC

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

Closure Systems International Americas, Inc.

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

Closure Systems International Holdings LLC

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

Closure Systems International Inc.

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

Closure Systems International Packaging Machinery Inc.

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

Closure Systems Mexico Holdings LLC

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

Coast-Packaging Company (California General Partnership)

**Disclosure of subsidiaries [line items]**

Ownership interest 50.00% 50.00%

Voting interest 50.00%

CSI Mexico LLC

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

CSI Sales & Technical Services Inc.

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

Evergreen Packaging LLC

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

GEC Packaging Technologies LLC

**Disclosure of subsidiaries [line items]**

Ownership interest 100.00% 100.00%

Voting interest 100.00%

[GPC Opco GP LLC](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[GPC Sub GP LLC](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[GPC US LLC](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging Company Europe LLC](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging Company Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging Company, L.P.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging Holdings Company](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging International Plastics Products Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging Latin America, LLC](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging Leasing USA LLC](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging PET Technologies Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Graham Packaging PX Company](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[Graham Packaging PX Holding Corporation](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[Graham Packaging PX, LLC](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[Pactiv International Holdings Inc.](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	0.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	0.00%	
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[Pactiv LLC](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[Pactiv Management Company LLC](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[Pactiv Packaging Inc.](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[PCA West Inc.](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[RenPac Holdings Inc.](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[Reynolds Consumer Products Holdings LLC](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[Reynolds Consumer Products LLC](#)

[\*\*Disclosure of subsidiaries \[line items\]\*\*](#)

<a href="#"><u>Ownership interest</u></a>	100.00%	100.00%
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<a href="#"><u>Voting interest</u></a>	100.00%	
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[Reynolds Group Holdings Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Reynolds Group Issuer Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Reynolds Group Issuer LLC](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Reynolds Manufacturing, Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Reynolds Presto Products Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Reynolds Services Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Southern Plastics Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

[Trans Western Polymers, Inc.](#)

**[Disclosure of subsidiaries \[line items\]](#)**

[Ownership interest](#) 100.00% 100.00%

[Voting interest](#) 100.00%

Operating leases (Details) - USD (\$) \$ in Millions	12 Months Ended		
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<b><u>Disclosure of finance lease and operating lease by lessee [line items]</u></b>			
<u>Total operating leases</u>	\$ 383	\$ 417	
<u>Operating lease expense recognized in continuing operations</u>	146	133	\$ 114
<u>Less than one year</u>			
<b><u>Disclosure of finance lease and operating lease by lessee [line items]</u></b>			
<u>Total operating leases</u>	104	110	
<u>Between 1 and 5 years</u>			
<b><u>Disclosure of finance lease and operating lease by lessee [line items]</u></b>			
<u>Total operating leases</u>	229	244	
<u>More than 5 years</u>			
<b><u>Disclosure of finance lease and operating lease by lessee [line items]</u></b>			
<u>Total operating leases</u>	\$ 50	\$ 63	

**Capital commitments****(Details) - USD (\$)****Dec. 31, 2018 Dec. 31, 2017****\$ in Millions**[\*\*Capital commitments \[abstract\]\*\*](#)[Capital expenditures](#)

\$ 159

\$ 155

## Contingencies (Details)

**12 Months Ended**  
**Dec. 31, 2018**  
**USD (\$)**

### Disclosure of transactions between related parties [line items]

Management Fee, percentage of Group's Adjusted EBITDA (up to) 1.50%

Top of range | 2009 and 2010 financial years

### Disclosure of transactions between related parties [line items]

Management Fee (up to) \$ 22,000,000

Permitted Management Fee (up to) \$ 22,000,000



**Condensed consolidating  
guarantor financial  
information - Statement of  
comprehensive income  
(Details) - USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31,  
2018      Dec. 31,  
2017      Dec. 31,  
2016**

**Condensed Statement of Comprehensive Income<sup>1</sup> [Line Items]**

<u>Revenue</u>	\$ 10,660	\$ 10,524	\$ 10,646
<u>Cost of sales</u>	<sup>[1]</sup> (8,566)	(8,202)	(8,259)
<u>Gross profit</u>	2,094	2,322	2,387
<u>Net other income (expenses) and share of equity method earnings, net of income tax</u>	(279)	(78)	(72)
<u>Selling, marketing and distribution expenses</u>	<sup>[1]</sup> (264)	(277)	(315)
<u>General and administration expenses</u>	(697)	(745)	(855)
<u>Profit from operating activities</u>	854	1,222	1,145
<u>Financial income</u>	46	49	169
<u>Financial expenses</u>	(865)	(750)	(1,042)
<u>Net financial income (expenses)</u>	(819)	(701)	(873)
<u>Profit (loss) from continuing operations before income tax</u>	35	521	272
<u>Income tax (expense) benefit</u>	(40)	(81)	(105)
<u>Profit (loss) from continuing operations</u>	(5)	440	167
<u>Profit (loss) from discontinued operations, net of income tax</u>	0	(1)	(6)
<u>Profit (loss) for the year</u>	(5)	439	161
<u>Total other comprehensive income (loss), net of income tax</u>	(18)	257	8
<u>Total comprehensive income (loss)</u>	(23)	696	169
<b><u>Profit (loss) attributable to:</u></b>			
<u>Equity holder of the Group - continuing operations</u>	(7)	438	165
<u>Equity holder of the Group - discontinued operations</u>	0	(1)	(6)
<u>Non-controlling interests</u>	2	2	2
<b><u>Total comprehensive income (loss) attributable to:</u></b>			
<u>Equity holder of the Group - continuing operations</u>	(25)	695	173
<u>Equity holder of the Group - discontinued operations</u>	0	(1)	(6)
<u>Non-controlling interests</u>	2	2	2
<u>Parent</u>			

**Condensed Statement of Comprehensive Income<sup>1</sup> [Line Items]**

<u>Revenue</u>	0	0	0
<u>Cost of sales</u>	0	0	0
<u>Gross profit</u>	0	0	0
<u>Net other income (expenses) and share of equity method earnings, net of income tax</u>	(17)	425	151
<u>Selling, marketing and distribution expenses</u>	0	0	0
<u>General and administration expenses</u>	0	0	0
<u>Profit from operating activities</u>	(17)	425	151
<u>Financial income</u>	17	17	17

<a href="#">Financial expenses</a>	(7)	(2)	0
<a href="#">Net financial income (expenses)</a>	10	15	17
<a href="#">Profit (loss) from continuing operations before income tax</a>	(7)	440	168
<a href="#">Income tax (expense) benefit</a>	0	(2)	(3)
<a href="#">Profit (loss) from continuing operations</a>	(7)	438	165
<a href="#">Profit (loss) from discontinued operations, net of income tax</a>	0	(1)	(6)
<a href="#">Profit (loss) for the year</a>	(7)	437	159
<a href="#">Total other comprehensive income (loss), net of income tax</a>	(18)	257	8
<a href="#">Total comprehensive income (loss)</a>	(25)	694	167
<b><a href="#">Profit (loss) attributable to:</a></b>			
<a href="#">Equity holder of the Group - continuing operations</a>	(7)	438	165
<a href="#">Equity holder of the Group - discontinued operations</a>	0	(1)	(6)
<a href="#">Non-controlling interests</a>	0	0	0
<b><a href="#">Total comprehensive income (loss) attributable to:</a></b>			
<a href="#">Equity holder of the Group - continuing operations</a>	(25)	695	173
<a href="#">Equity holder of the Group - discontinued operations</a>	0	(1)	(6)
<a href="#">Non-controlling interests</a>	0	0	0
<a href="#">Reynolds Notes Issuers</a>			
<b><a href="#">Condensed Statement of Comprehensive Income1 [Line Items]</a></b>			
<a href="#">Revenue</a>	0	0	0
<a href="#">Cost of sales</a>	0	0	0
<a href="#">Gross profit</a>	0	0	0
<a href="#">Net other income (expenses) and share of equity method earnings, net of income tax</a>	0	0	0
<a href="#">Selling, marketing and distribution expenses</a>	0	0	0
<a href="#">General and administration expenses</a>	0	0	0
<a href="#">Profit from operating activities</a>	0	0	0
<a href="#">Financial income</a>	499	567	813
<a href="#">Financial expenses</a>	(647)	(423)	(724)
<a href="#">Net financial income (expenses)</a>	(148)	144	89
<a href="#">Profit (loss) from continuing operations before income tax</a>	(148)	144	89
<a href="#">Income tax (expense) benefit</a>	38	(22)	(33)
<a href="#">Profit (loss) from continuing operations</a>	(110)	122	56
<a href="#">Profit (loss) from discontinued operations, net of income tax</a>	0	0	0
<a href="#">Profit (loss) for the year</a>	(110)	122	56
<a href="#">Total other comprehensive income (loss), net of income tax</a>	0	0	0
<a href="#">Total comprehensive income (loss)</a>	(110)	122	56
<b><a href="#">Profit (loss) attributable to:</a></b>			
<a href="#">Equity holder of the Group - continuing operations</a>	(110)	122	56
<a href="#">Equity holder of the Group - discontinued operations</a>	0	0	0
<a href="#">Non-controlling interests</a>	0	0	0
<b><a href="#">Total comprehensive income (loss) attributable to:</a></b>			
<a href="#">Equity holder of the Group - continuing operations</a>	(110)	122	56
<a href="#">Equity holder of the Group - discontinued operations</a>	0	0	0

<u>Non-controlling interests</u>	0	0	0
<u>Other guarantor entities</u>			
<b><u>Condensed Statement of Comprehensive Income1 [Line Items]</u></b>			
<u>Revenue</u>	9,682	9,368	9,386
<u>Cost of sales</u>	(7,769)	(7,259)	(7,224)
<u>Gross profit</u>	1,913	2,109	2,162
<u>Net other income (expenses) and share of equity method earnings, net of income tax</u>	(278)	176	130
<u>Selling, marketing and distribution expenses</u>	(239)	(247)	(281)
<u>General and administration expenses</u>	(637)	(681)	(779)
<u>Profit from operating activities</u>	759	1,357	1,232
<u>Financial income</u>	74	26	29
<u>Financial expenses</u>	(778)	(904)	(1,041)
<u>Net financial income (expenses)</u>	(704)	(878)	(1,012)
<u>Profit (loss) from continuing operations before income tax</u>	55	479	220
<u>Income tax (expense) benefit</u>	(49)	(34)	(43)
<u>Profit (loss) from continuing operations</u>	6	445	177
<u>Profit (loss) from discontinued operations, net of income tax</u>	0	(1)	1
<u>Profit (loss) for the year</u>	6	444	178
<u>Total other comprehensive income (loss), net of income tax</u>	(5)	253	4
<u>Total comprehensive income (loss)</u>	1	697	182
<b><u>Profit (loss) attributable to:</u></b>			
<u>Equity holder of the Group - continuing operations</u>	6	445	177
<u>Equity holder of the Group - discontinued operations</u>	0	(1)	1
<u>Non-controlling interests</u>	0	0	0
<b><u>Total comprehensive income (loss) attributable to:</u></b>			
<u>Equity holder of the Group - continuing operations</u>	1	698	181
<u>Equity holder of the Group - discontinued operations</u>	0	(1)	1
<u>Non-controlling interests</u>	0	0	0
<u>Non-guarantor entities</u>			
<b><u>Condensed Statement of Comprehensive Income1 [Line Items]</u></b>			
<u>Revenue</u>	1,202	1,352	1,446
<u>Cost of sales</u>	(1,021)	(1,139)	(1,221)
<u>Gross profit</u>	181	213	225
<u>Net other income (expenses) and share of equity method earnings, net of income tax</u>	(24)	(69)	(64)
<u>Selling, marketing and distribution expenses</u>	(25)	(30)	(34)
<u>General and administration expenses</u>	(60)	(64)	(76)
<u>Profit from operating activities</u>	72	50	51
<u>Financial income</u>	61	65	58
<u>Financial expenses</u>	(38)	(47)	(25)
<u>Net financial income (expenses)</u>	23	18	33
<u>Profit (loss) from continuing operations before income tax</u>	95	68	84
<u>Income tax (expense) benefit</u>	(29)	(23)	(26)

<u>Profit (loss) from continuing operations</u>	66	45	58
<u>Profit (loss) from discontinued operations, net of income tax</u>	0	0	0
<u>Profit (loss) for the year</u>	66	45	58
<u>Total other comprehensive income (loss), net of income tax</u>	(8)	92	(85)
<u>Total comprehensive income (loss)</u>	58	137	(27)
<b><u>Profit (loss) attributable to:</u></b>			
<u>Equity holder of the Group - continuing operations</u>	64	43	56
<u>Equity holder of the Group - discontinued operations</u>	0	0	0
<u>Non-controlling interests</u>	2	2	2
<b><u>Total comprehensive income (loss) attributable to:</u></b>			
<u>Equity holder of the Group - continuing operations</u>	56	135	(29)
<u>Equity holder of the Group - discontinued operations</u>	0	0	0
<u>Non-controlling interests</u>	2	2	2
<u>Adjustments and eliminations</u>			
<b><u>Condensed Statement of Comprehensive Income<sup>1</sup> [Line Items]</u></b>			
<u>Revenue</u>	(224)	(196)	(186)
<u>Cost of sales</u>	224	196	186
<u>Gross profit</u>	0	0	0
<u>Net other income (expenses) and share of equity method earnings, net of income tax</u>	40	(610)	(289)
<u>Selling, marketing and distribution expenses</u>	0	0	0
<u>General and administration expenses</u>	0	0	0
<u>Profit from operating activities</u>	40	(610)	(289)
<u>Financial income</u>	(605)	(626)	(748)
<u>Financial expenses</u>	605	626	748
<u>Net financial income (expenses)</u>	0	0	0
<u>Profit (loss) from continuing operations before income tax</u>	40	(610)	(289)
<u>Income tax (expense) benefit</u>	0	0	0
<u>Profit (loss) from continuing operations</u>	40	(610)	(289)
<u>Profit (loss) from discontinued operations, net of income tax</u>	0	1	(1)
<u>Profit (loss) for the year</u>	40	(609)	(290)
<u>Total other comprehensive income (loss), net of income tax</u>	13	(345)	81
<u>Total comprehensive income (loss)</u>	53	(954)	(209)
<b><u>Profit (loss) attributable to:</u></b>			
<u>Equity holder of the Group - continuing operations</u>	40	(610)	(289)
<u>Equity holder of the Group - discontinued operations</u>	0	1	(1)
<u>Non-controlling interests</u>	0	0	0
<b><u>Total comprehensive income (loss) attributable to:</u></b>			
<u>Equity holder of the Group - continuing operations</u>	53	(955)	(208)
<u>Equity holder of the Group - discontinued operations</u>	0	1	(1)
<u>Non-controlling interests</u>	\$ 0	\$ 0	\$ 0

[1] For information on expenses by nature, refer to notes 7, 8, 11, 12, 13, 16 and 22.

**Condensed consolidating  
guarantor financial  
information - Statement of  
financial position (Details) -  
USD (\$)  
\$ in Millions**

**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016 Dec. 31, 2015**

**Assets**

<u>Cash and cash equivalents</u>	\$ 783	\$ 617	\$ 932	\$ 1,977
<u>Trade and other receivables, net</u>	1,121	1,136		
<u>Inventories</u>	1,411	1,370		
<u>Inter-group receivables</u>	0	0		
<u>Assets held for sale</u>	5	144		
<u>Other assets</u>	108	65		
<u>Total current assets</u>	3,428	3,332		
<u>Investments in subsidiaries</u>	0	0		
<u>Property, plant and equipment</u>	3,021	2,923	3,010	
<u>Intangible assets</u>	9,222	9,659	9,902	
<u>Inter-group receivables</u>	0	0		
<u>Other assets</u>	507	768		
<u>Total non-current assets</u>	12,750	13,350		
<u>Total assets</u>	16,178	16,682		

**Liabilities**

<u>Trade and other payables</u>	1,163	1,116		
<u>Borrowings</u>	455	470		
<u>Inter-group payables</u>	0	0		
<u>Liabilities directly associated with assets held for sale</u>		34		
<u>Other liabilities</u>	266	298		
<u>Total current liabilities</u>	1,884	1,918		
<u>Borrowings</u>	10,580	10,919		
<u>Inter-group liabilities</u>	0	0		
<u>Other liabilities</u>	2,088	2,193		
<u>Total non-current liabilities</u>	12,668	13,112		
<u>Total liabilities</u>	14,552	15,030		
<u>Net assets</u>	1,626	1,652		

**Equity**

<u>Equity attributable to equity holder of the Group</u>	1,617	1,642		
<u>Non-controlling interests</u>	9	10		
<u>Total equity</u>	1,626	1,652	\$ 957	\$ 797

**Parent**

**Assets**

<u>Cash and cash equivalents</u>	0	0		
<u>Trade and other receivables, net</u>	0	0		
<u>Inventories</u>	0	0		
<u>Inter-group receivables</u>	0	0		

<u>Assets held for sale</u>	0	0
<u>Other assets</u>	0	0
<u>Total current assets</u>	0	0
<u>Investments in subsidiaries</u>	1,408	1,407
<u>Property, plant and equipment</u>	0	0
<u>Intangible assets</u>	0	0
<u>Inter-group receivables</u>	8	9
<u>Other assets</u>	328	330
<u>Total non-current assets</u>	1,744	1,746
<u>Total assets</u>	1,744	1,746
<b><u>Liabilities</u></b>		
<u>Trade and other payables</u>	33	33
<u>Borrowings</u>	0	0
<u>Inter-group payables</u>	0	0
<u>Liabilities directly associated with assets held for sale</u>		0
<u>Other liabilities</u>	3	6
<u>Total current liabilities</u>	36	39
<u>Borrowings</u>	0	0
<u>Inter-group liabilities</u>	91	65
<u>Other liabilities</u>	0	0
<u>Total non-current liabilities</u>	91	65
<u>Total liabilities</u>	127	104
<u>Net assets</u>	1,617	1,642
<b><u>Equity</u></b>		
<u>Equity attributable to equity holder of the Group</u>	1,617	1,642
<u>Non-controlling interests</u>	0	0
<u>Total equity</u>	1,617	1,642
<u>Reynolds Notes Issuers</u>		
<b><u>Assets</u></b>		
<u>Cash and cash equivalents</u>	0	0
<u>Trade and other receivables, net</u>	0	0
<u>Inventories</u>	0	0
<u>Inter-group receivables</u>	985	717
<u>Assets held for sale</u>	0	0
<u>Other assets</u>	11	4
<u>Total current assets</u>	996	721
<u>Investments in subsidiaries</u>	0	0
<u>Property, plant and equipment</u>	0	0
<u>Intangible assets</u>	0	0
<u>Inter-group receivables</u>	6,301	6,763
<u>Other assets</u>	29	282
<u>Total non-current assets</u>	6,330	7,045
<u>Total assets</u>	7,326	7,766
<b><u>Liabilities</u></b>		

<u>Trade and other payables</u>	119	125
<u>Borrowings</u>	0	0
<u>Inter-group payables</u>	13	4
<u>Liabilities directly associated with assets held for sale</u>		0
<u>Other liabilities</u>	0	0
<u>Total current liabilities</u>	132	129
<u>Borrowings</u>	6,604	6,897
<u>Inter-group liabilities</u>	490	490
<u>Other liabilities</u>	6	66
<u>Total non-current liabilities</u>	7,100	7,453
<u>Total liabilities</u>	7,232	7,582
<u>Net assets</u>	94	184
<b><u>Equity</u></b>		
<u>Equity attributable to equity holder of the Group</u>	94	184
<u>Non-controlling interests</u>	0	0
<u>Total equity</u>	94	184
<u>Other guarantor entities</u>		
<b><u>Assets</u></b>		
<u>Cash and cash equivalents</u>	663	457
<u>Trade and other receivables, net</u>	98	93
<u>Inventories</u>	1,270	1,225
<u>Inter-group receivables</u>	28	25
<u>Assets held for sale</u>	5	3
<u>Other assets</u>	80	43
<u>Total current assets</u>	2,144	1,846
<u>Investments in subsidiaries</u>	895	1,125
<u>Property, plant and equipment</u>	2,714	2,601
<u>Intangible assets</u>	8,921	9,306
<u>Inter-group receivables</u>	1,795	1,609
<u>Other assets</u>	109	114
<u>Total non-current assets</u>	14,434	14,755
<u>Total assets</u>	16,578	16,601
<b><u>Liabilities</u></b>		
<u>Trade and other payables</u>	832	786
<u>Borrowings</u>	36	52
<u>Inter-group payables</u>	985	718
<u>Liabilities directly associated with assets held for sale</u>		0
<u>Other liabilities</u>	234	257
<u>Total current liabilities</u>	2,087	1,813
<u>Borrowings</u>	3,976	4,022
<u>Inter-group liabilities</u>	7,094	7,304
<u>Other liabilities</u>	2,013	2,055
<u>Total non-current liabilities</u>	13,083	13,381
<u>Total liabilities</u>	15,170	15,194

<u>Net assets</u>	1,408	1,407
<b><u>Equity</u></b>		
<u>Equity attributable to equity holder of the Group</u>	1,408	1,407
<u>Non-controlling interests</u>	0	0
<u>Total equity</u>	1,408	1,407
<u>Non-guarantor entities</u>		
<b><u>Assets</u></b>		
<u>Cash and cash equivalents</u>	120	160
<u>Trade and other receivables, net</u>	1,023	1,043
<u>Inventories</u>	141	145
<u>Inter-group receivables</u>	1	0
<u>Assets held for sale</u>	0	141
<u>Other assets</u>	17	18
<u>Total current assets</u>	1,302	1,507
<u>Investments in subsidiaries</u>	0	0
<u>Property, plant and equipment</u>	307	322
<u>Intangible assets</u>	301	353
<u>Inter-group receivables</u>	245	149
<u>Other assets</u>	41	42
<u>Total non-current assets</u>	894	866
<u>Total assets</u>	2,196	2,373
<b><u>Liabilities</u></b>		
<u>Trade and other payables</u>	179	172
<u>Borrowings</u>	419	418
<u>Inter-group payables</u>	16	20
<u>Liabilities directly associated with assets held for sale</u>		34
<u>Other liabilities</u>	29	35
<u>Total current liabilities</u>	643	679
<u>Borrowings</u>	0	0
<u>Inter-group liabilities</u>	674	671
<u>Other liabilities</u>	69	72
<u>Total non-current liabilities</u>	743	743
<u>Total liabilities</u>	1,386	1,422
<u>Net assets</u>	810	951
<b><u>Equity</u></b>		
<u>Equity attributable to equity holder of the Group</u>	801	941
<u>Non-controlling interests</u>	9	10
<u>Total equity</u>	810	951
<u>Adjustments and eliminations</u>		
<b><u>Assets</u></b>		
<u>Cash and cash equivalents</u>	0	0
<u>Trade and other receivables, net</u>	0	0
<u>Inventories</u>	0	0
<u>Inter-group receivables</u>	(1,014)	(742)



<u>Assets held for sale</u>	0	0
<u>Other assets</u>	0	0
<u>Total current assets</u>	(1,014)	(742)
<u>Investments in subsidiaries</u>	(2,303)	(2,532)
<u>Property, plant and equipment</u>	0	0
<u>Intangible assets</u>	0	0
<u>Inter-group receivables</u>	(8,349)	(8,530)
<u>Other assets</u>	0	0
<u>Total non-current assets</u>	(10,652)	(11,062)
<u>Total assets</u>	(11,666)	(11,804)
<b><u>Liabilities</u></b>		
<u>Trade and other payables</u>	0	0
<u>Borrowings</u>	0	0
<u>Inter-group payables</u>	(1,014)	(742)
<u>Liabilities directly associated with assets held for sale</u>		0
<u>Other liabilities</u>	0	0
<u>Total current liabilities</u>	(1,014)	(742)
<u>Borrowings</u>	0	0
<u>Inter-group liabilities</u>	(8,349)	(8,530)
<u>Other liabilities</u>	0	0
<u>Total non-current liabilities</u>	(8,349)	(8,530)
<u>Total liabilities</u>	(9,363)	(9,272)
<u>Net assets</u>	(2,303)	(2,532)
<b><u>Equity</u></b>		
<u>Equity attributable to equity holder of the Group</u>	(2,303)	(2,532)
<u>Non-controlling interests</u>	0	0
<u>Total equity</u>	\$ (2,303)	\$ (2,532)

**Condensed consolidating  
guarantor financial  
information - Statement of  
cash flows (Details) - USD (\$)  
\$ in Millions**

**12 Months Ended**

**Dec. 31, 2018 Dec. 31, 2017 Dec. 31, 2016**

**Condensed Cash Flow Statement1 [Line Items]**

<u>Net cash from (used in) operating activities</u>	\$ 950	\$ 840	\$ 876
<b><u>Cash flows from (used in) investing activities</u></b>			
<u>Acquisition of property, plant and equipment and intangible assets</u>	(585)	(410)	(324)
<u>Proceeds from sale of property, plant and equipment and other assets</u>	21	5	13
<u>Disposal of businesses, net of cash disposed</u>	118	44	149
<u>Net related party (advances) repayments</u>	0	0	0
<u>Related party interest received</u>	0	0	5
<u>Other</u>	6	2	5
<u>Net cash from (used in) investing activities</u>	(440)	(359)	(157)
<b><u>Cash flows used in financing activities</u></b>			
<u>Drawdown of borrowings</u>	0	452	4,706
<u>Repayment of borrowings</u>	(352)	(1,221)	(6,339)
<u>Net related party borrowings (repayments)</u>	0	0	0
<u>Payment of debt transaction costs</u>	0	(10)	(110)
<u>Other</u>	(5)	(6)	(6)
<u>Net cash used in financing activities</u>	(357)	(785)	(1,749)

Parent

**Condensed Cash Flow Statement1 [Line Items]**

<u>Net cash from (used in) operating activities</u>	(23)	(18)	(46)
<b><u>Cash flows from (used in) investing activities</u></b>			
<u>Acquisition of property, plant and equipment and intangible assets</u>	0	0	0
<u>Proceeds from sale of property, plant and equipment and other assets</u>	0	0	0
<u>Disposal of businesses, net of cash disposed</u>	0	0	0
<u>Net related party (advances) repayments</u>	0	0	0
<u>Related party interest received</u>	0	0	0
<u>Other</u>	0	0	
<u>Net cash from (used in) investing activities</u>	0	0	0
<b><u>Cash flows used in financing activities</u></b>			
<u>Drawdown of borrowings</u>		0	0
<u>Repayment of borrowings</u>	0	0	0
<u>Net related party borrowings (repayments)</u>	23	18	45
<u>Payment of debt transaction costs</u>		0	0
<u>Other</u>	0	0	0
<u>Net cash used in financing activities</u>	23	18	45

Reynolds Notes Issuers

**Condensed Cash Flow Statement1 [Line Items]**

<u>Net cash from (used in) operating activities</u>	(396)	(397)	(727)
<b><u>Cash flows from (used in) investing activities</u></b>			

<u>Acquisition of property, plant and equipment and intangible assets</u>	0	0	0
<u>Proceeds from sale of property, plant and equipment and other assets</u>	0	0	0
<u>Disposal of businesses, net of cash disposed</u>	0	0	0
<u>Net related party (advances) repayments</u>	482	446	1,811
<u>Related party interest received</u>	214	131	450
<u>Other</u>	0	0	
<u>Net cash from (used in) investing activities</u>	696	577	2,261
<b><u>Cash flows used in financing activities</u></b>			
<u>Drawdown of borrowings</u>		0	3,152
<u>Repayment of borrowings</u>	(300)	(445)	(4,774)
<u>Net related party borrowings (repayments)</u>	0	265	122
<u>Payment of debt transaction costs</u>		0	(34)
<u>Other</u>	0	0	0
<u>Net cash used in financing activities</u>	(300)	(180)	(1,534)
<u>Other guarantor entities</u>			
<b><u>Condensed Cash Flow Statement1 [Line Items]</u></b>			
<u>Net cash from (used in) operating activities</u>	1,107	1,245	1,132
<b><u>Cash flows from (used in) investing activities</u></b>			
<u>Acquisition of property, plant and equipment and intangible assets</u>	(538)	(362)	(286)
<u>Proceeds from sale of property, plant and equipment and other assets</u>	20	5	10
<u>Disposal of businesses, net of cash disposed</u>	119	12	149
<u>Net related party (advances) repayments</u>	(19)	(413)	(38)
<u>Related party interest received</u>	22	15	4
<u>Other</u>	4	2	
<u>Net cash from (used in) investing activities</u>	(392)	(741)	(161)
<b><u>Cash flows used in financing activities</u></b>			
<u>Drawdown of borrowings</u>		0	1,348
<u>Repayment of borrowings</u>	(52)	(336)	(1,450)
<u>Net related party borrowings (repayments)</u>	(454)	(459)	(1,824)
<u>Payment of debt transaction costs</u>		(6)	(76)
<u>Other</u>	(3)	(3)	(5)
<u>Net cash used in financing activities</u>	(509)	(804)	(2,007)
<u>Non-guarantor entities</u>			
<b><u>Condensed Cash Flow Statement1 [Line Items]</u></b>			
<u>Net cash from (used in) operating activities</u>	26	(136)	68
<b><u>Cash flows from (used in) investing activities</u></b>			
<u>Acquisition of property, plant and equipment and intangible assets</u>	(47)	(48)	(38)
<u>Proceeds from sale of property, plant and equipment and other assets</u>	1	0	3
<u>Disposal of businesses, net of cash disposed</u>	(1)	32	0
<u>Net related party (advances) repayments</u>	(28)	14	4
<u>Related party interest received</u>	0	0	0
<u>Other</u>	2	0	
<u>Net cash from (used in) investing activities</u>	(73)	(2)	(31)
<b><u>Cash flows used in financing activities</u></b>			

<u>Drawdown of borrowings</u>		452	206
<u>Repayment of borrowings</u>	0	(440)	(115)
<u>Net related party borrowings (repayments)</u>	(4)	129	(120)
<u>Payment of debt transaction costs</u>		(4)	0
<u>Other</u>	(2)	(3)	(1)
<u>Net cash used in financing activities</u>	(6)	134	(30)
<u>Adjustments and eliminations</u>			
<b><u>Condensed Cash Flow Statement1 [Line Items]</u></b>			
<u>Net cash from (used in) operating activities</u>	236	146	449
<b><u>Cash flows from (used in) investing activities</u></b>			
<u>Acquisition of property, plant and equipment and intangible assets</u>	0	0	0
<u>Proceeds from sale of property, plant and equipment and other assets</u>	0	0	0
<u>Disposal of businesses, net of cash disposed</u>	0	0	0
<u>Net related party (advances) repayments</u>	(435)	(47)	(1,777)
<u>Related party interest received</u>	(236)	(146)	(449)
<u>Other</u>	0	0	
<u>Net cash from (used in) investing activities</u>	(671)	(193)	(2,226)
<b><u>Cash flows used in financing activities</u></b>			
<u>Drawdown of borrowings</u>		0	0
<u>Repayment of borrowings</u>	0	0	0
<u>Net related party borrowings (repayments)</u>	435	47	1,777
<u>Payment of debt transaction costs</u>		0	0
<u>Other</u>	0	0	0
<u>Net cash used in financing activities</u>	\$ 435	\$ 47	\$ 1,777

Label	Element	Value
<a href="#">Line of Credit Facility, Principal Payment</a>	rghl_LineofCreditFacilityPrincipalPayment	\$ 203,000,000
<a href="#">Line of Credit Facility, Fair Value of Amount Outstanding</a>	rghl_LineofCreditFacilityFairValueofAmountOutstanding	\$ 2,454,000,000